Austria ... Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din 0.650	Italy .... L 1180	S. Arabia .. Rls 6.00
Belgium ... BFr.35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ...... Pta 95
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.00	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr. 5.50	Mexico .. Pes. 300	Tunisia .. Din 0.800
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey ..... L 160
Greece ..... Dr 60	Netherlands .Fl 2.25	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,175 — Friday November 18 1983 — D 8523 B

Spending money in Poland proves difficult, Page 2

NEWS SUMMARY

GENERAL

Soviet 'shift' on UK's missiles

The Soviet Union is understood to have put forward a new proposal at the Geneva arms control talks which for the first time would not involve a direct link between deployment of their own nuclear missiles and those of the independent British and French systems.

According to reports apparently originating in Geneva, Mr Yuli Kvitsinsky, the Soviet negotiator, floated the proposals in what is believed to have been an informal meeting with Mr Paul Nitze, his U.S. counterpart, last weekend. Page 16; earlier report, Page 2

Mitterrand talks

French President François Mitterrand and Italian Prime Minister Bettino Craxi held talks in Italy which officials said would cover nuclear missiles in Europe and the Lebanon situation.

Paris bomb attacks

Bombs damaged the officies of the Archbishopric of Paris, which also houses the religious Radio Notre-Dame station, and a Seventh Day Adventist Church used by people from French islands in the Antilles.

Strike in Cyprus

Greek Cypriots stopped work for an hour yesterday in protest at the Turkish declaration of a separate state in the north of the island. Page 2

Athens march

Riot police were out in force in Athens as thousands assembled for a march through the city to mark the anniversary of the 1973 student revolt.

Lisbon transport hit

Lisbon traffic was halted and transport throughout Portugal disrupted by strikes called by Communist-led unions in protest at government austerity measures.

Demonstration halted

Spain's extreme right-wing groups called off a demonstration planned for Sunday to mark the eighth anniversary of Franco's death after Madrid's civil governor refused to lift a ban on the rally.

Guadeloupe claim

Separatists fighting French rule in Guadeloupe claimed responsibility for bomb attacks that injured 23 people there on Monday.

Border reopened

China and the Soviet Union have reopened their 3000 km border in central Asia for trade exchange. A convoy of Soviet trucks passed through a border post.

Solidarity charges

Charges against seven Polish Solidarity activists awaiting trial in prison have been reduced to conspiracy to overthrow the state, from trying to bring down the Government. The new charge does not carry a possible death penalty.

Briefly

Pakistan denied involvement in recent disturbances on Indian soil, after allegations by Indian Premier Indira Gandhi.

Melitta Lanc, 44, wife of Austrian Foreign Minister Erwin Lanc, died after 12 days in a coma after a suicide attempt.

A party of 35 children and teachers were feared drowned after gunfire sank their launch off an island south of the Philippines.

BUSINESS

Hoechst makes strong recovery

● HOECHST, the West German chemical group, is making a strong recovery this year with worldwide taxable profits up 87 per cent for the nine months to the end of September at DM 1.32bn ($494m). Page 17

● *STERLING fell 55 points on the* day to close in London at $1.4785, but was higher at DM 3.985 (DM 3.9725), SwFr 3.23 (SwFr 3.21), FFr 12.115 (FFr 12.0775) and Y349.25 (Y349). Its trade-weighted index was 83.9 (84). In New York it closed at $1.4811. Page 35

● DOLLAR rose to DM 2.697 (DM 2.687), SwFr 2.1825 (SwFr 2.166), FFr 8.1975 (FFr 8.17) and Y236.15 (Y235.35). It closed at a record high of L 1,633.5 (L 1,625.5) against the Italian lira. Its trade-weighted index was 128.4 (127.8). In New York it closed at DM 2.6885, SwFr 2.175, FFr 8.177 and Y235.6. Page 35

● GOLD fell $8¾ in London to $374¾, its lowest since August 1982, as precious-metal prices declined in the face of strong demand for the dollar. In New York, the Comex November settlement was $377.2. Page 34

● TOKYO: Nikkei Dow index lost 13.86 points to 9,416.95 and the Stock Exchange Index slipped 0.66 to 690.79. Page 25. Leading prices, other exchanges, Page 28.

● WALL STREET: Dow Jones index closed 3.35 up at 1,254.67. Report Page 25. Full share listings, Pages 26–28

● LONDON: Trading was cautious as the markets waited for the Chancellor's economic statement. The FT Industrial Ordinary Index fell one point to 721.8. Report Page 29; FT Share Information Service, Pages 30–31.

● TALKS ON POLAND's debts to the West, which restarted on Wednesday in Paris, ended last night with agreement between representatives of the Warsaw Government and creditor nations to meet again "in the near future." Page 2

● ROBERT KISSIN, who led an unsuccessful revolt against Guinness Peat's £20m ($30m) plan to buy Moorside Investment Trust, resigned from the board of the financial services group.

● INTERNATIONAL financial organisations are to pool resources to try to work out a better co-ordination of the world monetary system, top financial officials from the main industrialised countries agreed in Paris.

● SPAIN issued a veiled threat to France that it would cut government buying of French goods unless Paris adopted a more favourable stance towards Spain's EEC membership application. Page 16.

● FRANCE yesterday accused Italy of failing to keep its word to support the European Airbus programme by choosing U.S. commercial aircraft instead of types from Airbus.

● SWISSAIR is the first European airline to be given permission to fly to Riyadh, the capital of Saudi Arabia.

● PHILIPS, the Dutch electricals group, improved third-quarter earnings 29 per cent to Fl 103m ($34.5m). Page 17.

● ESSELTE, the Swedish office supplies and packaging group, announced pre-tax earnings doubled to SKr 141m ($17.8m) for the six months to September.

● PLESSEY, the UK telecommunications company, lifted taxable profits 20.9 per cent to £80.93m ($121.93m) for the six months to the end of September. Page 20; Lex, Page 16.

French jets attack guerrilla bases in Lebanon

BY PATRICK COCKBURN IN BEIRUT AND PAUL BETTS IN PARIS

FOURTEEN French Super Etendard fighter-bombers struck twice yesterday at a barracks used by Islamic fundamentalist guerrillas in eastern Lebanon. The attacks came 36 hours after Israeli jets had bombed other targets in the same region.

The barracks overlook the historic town of Baalbek and were taken over from the Lebanese army several months ago by extremist dissidents from the Shia Moslem Amal group. The dissidents are headed by Mr Hussein Moussawi, who has been widely blamed for planning the three suicide bomb attacks on American, French and Israeli forces in Lebanon.

The French air raids mark a significant toughening of France's position in Lebanon. The Defence Ministry in Paris described the raid as a "pre-emptive strike" to prevent new terrorist attacks against the French peacekeeping troops in Beirut.

The raids come barely 24 hours after President François Mitterrand, in a long television interview on Wednesday night, warned that the terrorist bomb attack, which killed 58 French soldiers in Beirut last month, "would not remain unpunished."

The bomb attacks against the French and U.S. multinational forces headquarters on October 23 caused a profound shock in France. President Mitterrand immediately flew to Beirut after the bombing.

However, in subsequent discussions with the U.S. and the other countries involved in the multinational force, France had continued to insist that it would retaliate only if its forces came under attack, suggesting that it would not engage in pre-emptive strikes.

French Super Etendard jets went into action on September 22, bombing military targets only after the French forces had come under fire.

The U.S. is the only country not to have retaliated against those responsible for the attack on its men.

The U.S. has three aircraft carriers of the Lebanese coast and 300 aircraft available. These have been flying reconnaissance missions over Beirut and Syrian-held parts of Lebanon.

Syria is clearly worried by continual overflights by U.S. and Israeli aircraft. Last week it fired on a U.S. F-14 and, commenting on flights over the Bekaa Valley, Damascus radio said yesterday: "The atmosphere in the area now is similar to that which prevailed before Israel's invasion of Lebanon last year."

Palestinian dissidents meanwhile tightened their grip around the northern Lebanese city of Tripoli yesterday after driving out members of the Palestine Liberation Organisation loyal to the leadership of Mr Yassir Arafat.

The Syrian-backed rebels say they will not attack Tripoli, a city of half a million, in which Mr Arafat is now trapped, but Mr Ahmed Jabril, head of the Libyan-backed Popular Front for the Liberation of Palestine general command, warned that buildings occupied by Mr Arafat in Tripoli would be shelled.

Around Beirut, the ceasefire seems to be taking hold again after the visit of Mr Abdul-Halim Khaddam, the Syrian Foreign Minister. That followed intense shelling overnight, with shells landing on the international airport and the Ministry of Defence building.

Mr Khaddam said that Syria would do everything possible to make sure that the present ceasefire holds. In practice, that means that Damascus will seek to restrain its Druze allies, who appear to be responsible for much of the recent shelling.

Lawson warns of tax rise despite better UK outlook

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S Conservative Government may have to raise taxes in next spring's budget if it is to meet its borrowing target for 1984–85, Mr Nigel Lawson, Chancellor of the Exchequer, suggested yesterday in his mid-year statement on public spending.

Mr Lawson said that higher taxes might be necessary despite his success in curbing plans for next year's public spending and a generally sunnier outlook for the British economy.

He told the House of Commons: "For the first time for many years we are now enjoying low inflation combined with steady growth.

"This is a winning combination. Our task is to keep that winning combination by sticking to – and indeed reinforcing – the policies which have brought it about."

The UK Treasury now expects output to grow by 3 per cent this year and next, with unemployment stabilising and inflation falling to 4½ per cent by next winter.

At the same time, public spending plans have been held down to the £126.4bn (about $188bn) total envisaged in the March 15 budget. That means that in real terms public spending will not grow and will fall to 42 per cent of national income, ½ percentage point less than in the current year.

In spite of these more optimistic projections, however, Mr Lawson said the Treasury now expected that tax increases of £500m – the equivalent of about ½ percentage point on the 30 per cent basic rate of income tax – would be needed to hold public borrowing down to the $8bn assumed in the Government's current financial strategy.

MAIN POINTS OF FINANCIAL STATEMENT

ECONOMIC FORECASTS: Output to rise 3 per cent in real terms in 1984 after 3 per cent rise this year compared with average for 1982. Money GDP of £329bn in 1984-85, 7.9 per cent rise on current financial year. Inflation to fall to annual rate of 5 per cent in fourth quarter 1983 and 4½ per cent by fourth quarter next year. That would mean increase in real income after tax and inflation as earnings forecast to rise in nominal terms by 6½ per cent in 1984-85 after 7 per cent rise in 1983-84.

FISCAL TARGETS: State spending of £126.4bn forecast for 1984-85, 5.5 per cent rise in volume but about the same in real terms. Public-sector borrowing requirement expected to be £10bn this year against £8bn estimate in March budget; PSBR for 1984-85 estimated again at £8bn, but £500m tax increase would be needed to meet this target.

DEFENCE: Spending cut by £290m from White Paper total, to £17bn for 1984-85, 8.2 per cent higher in volume terms than forecast for current year.

TRADE: Current account expected to be broadly in balance in 1983 and 1984. Exports to rise ½ per cent by volume this year and 4 per cent in 1984; imports by 5 per cent this year and 5 per cent next year.

UNEMPLOYMENT: Forecast to average 2.85m, excluding school leavers, in current and next financial year; including school leavers, total of 3.03m in 1983-84 and 3.02m in 1984-85.

OFFSHORE ROLL-UP FUNDS: Details announced of tougher tax regime intended to bring the income from these funds into the income tax net and out of capital gains rules.

This new calculation illustrates how the financial constraints have been closing in on the Chancellor since March when the Treasury thought that an £8bn borrowing target next year could be achieved with tax cuts of about £500m.

As Mr Lawson made clear to the House of Commons, his budget judgment will not be made until nearer the time. However, his hint of tax increases underlines the Treasury's current anxiety about the rate of increase in government borrowing and unplanned acceleration of departmental spending in the first half of this year.

Mr Lawson said that the Treasury currently expects the public-sector borrowing requirement (PSBR) to overshoot its £8bn target for this financial year by £2bn. Although a substantial overshoot is now widely expected, Mr Lawson is unlikely to be relaxed about next year's expenditure projections until the current surge in spending comes under more obvious control.

Many commentators will be surprised, however, that tax increases should come on to the agenda after a series of extremely tough negotiations in which the Treasury has held total spending plans for next year down to the budget target of £126.4bn, a figure which represents no increase in real terms compared with this year's planned total.

This figure was achieved as a result of substantial cuts to some programmes, notably defence and housing, with a reduction in the nationalised industries' borrowing limit compared with the figures envisaged at the time of the last budget.

Defence spending, which was one of the most contentious issues, has been cut by £287m to £17bn compared with the planning total envisaged at the time of the budget. Next year's defence spending is 8.2 per cent higher than in the current financial year, a "real" rise of 3 per cent after allowance for the general rate of inflation. However, the Ministry of Defence has failed to secure any special cash for a faster than average rise in defence costs.

[Britain will not renew its commitment to increase defence spending by 3 per cent a year in real terms after its existing pledge to Nato partners ends in March 1986, Bridget Bloom writes.

[Mr Michael Heseltine, Defence Secretary, said overall defence spending would have increased by 21 per cent between 1978-79 and 1984-85. Next year's budget would see an increase approaching 3.5 per cent and a similar rise was expected for 1985-86. Given those high rates of spending, Britain could not reaffirm its 3 per cent pledge for subsequent years.]

Another substantial cut was in the housing programme, which is to be £2.5bn, almost £500m lower than envisaged at the time of the budget. The cuts have been needed to offset rises in some "demand-determined" programmes, notably in health and social security and payments related to the EEC agricultural policy.

The allowance for special asset sales in 1984-85 has been increased by £400m, compared with previously announced plans, to £1.9bn. This is a relatively conservative increase in view of the plans to sell British Telecom next year.

Editorial comment, Page 14; The economics of 'no change', Page 14; Lex, Page 16; Detailed analysis, Page 9

Klöckner in takeover move to lift quota

BY JAMES BUCHAN IN PEGNITZ, BAVARIA

KLÖCKNER-WERKE, West Germany's fourth largest steelmaker, moved yesterday to enlarge the production quota allotted to it by the European Commission by taking over a small West German subsidiary of Arbed, the Luxembourg steel group.

Klöckner has been at odds with the Commission and with its fellow steelmakers in West Germany for several years for repeatedly exceeding its quotas. The deal could be a first step towards reducing these tensions.

Under the deal, which is subject to employees' and official approval, Maximilianhütte, the Bavarian subsidiary of Klöckner-Werke is to acquire the steel activities of Eschweiler Bergwerksverein, (EBV), based in Aachen.

EBV, which is 99 per cent controlled by Arbed, is principally a coal-mining company whose steel production accounted for less than 1 per cent of Arbed's total output of 7.1m tonnes in Europe in the first nine months of this year.

In exchange for transferring EBV's steel interests to Maxhütte, the Arbed group will be left with about 15 per cent of the Bavarian company's capital, which is being written up from DM 163m ($60.6m) to DM 193m Klöckner-Werke did not put any cash value on the deal yesterday.

The deal gives the Klöckner group the opportunity to add EBV's steel requirements for its rolling mill to the present production quota allotted to Klöckener's large wide-strip rolling mill at Bremen.

Low rates of capacity use for the Bremen plant have added to financial pressures on Klöckner-Werke while by exceeding the EEC quotas, the company has frequently been in conflict with the Commission and with the rest of the industry.

It lost out to Krupp last summer in an earlier attempt to increase its quota through acquisition.

Klöckner believes that relatively small-scale rationalisation offers a more realistic future for the German steel industry than such ambitious proposals as the failed merger plan between Thyssen and Krupp.

It also hopes for further co-operation with Arbed, already deeply involved in the restructuring of the West German industry through Arbed Saarstahl, for which financial rescue was agreed last week.

The EEC Commission released a further DM 88m of its DM 750m aid package to Arbed Saarstahl yesterday.

Paul Cheeseright adds from Luxembourg: More than 400 trade unionists have occupied and stopped production at the Valfil wire rod plant near Liège in Belgium. The move signals a new campaign against retrenchment at Cockerill Sambre, the state-owned steelmaker.

The occupation is directly related to the agreement, expected to be signed in Luxembourg today, between the Belgian and Luxembourg governments on future co-operation between Cockerill Sambre and Arbed.

The Government of the Grand Duchy has only a small stake in the Luxembourg producer.

Senate lifts U.S. debt ceiling and tackles IMF legislation

BY STEWART FLEMING IN WASHINGTON

THE U.S. Senate has voted to approve an increase in the federal debt ceiling, a decision expected to clear the way for the Treasury to resume normal financing operations, but one which apparently signals an end to congressional efforts this year to cut the U.S. budget deficit dramatically.

With Congress rushing to complete its legislative programme in order to adjourn this weekend, however, the fate of the Bill to authorise the U.S. to make its $8.4bn contribution to the International Monetary Fund was still unclear.

After weeks of effort by officials of the Reagan Administration and congressional staffs to work out compromises aimed at securing the passage of the IMF legislation, the Senate yesterday morning began debating its version of the IMF Bill.

The decision to move the IMF Bill to the Senate floor yesterday was a clear indication that intensive talks between the staff officials in both the Senate and the House of Representatives and with the Reagan Administration had worked out compromises on most of the contentious issues surrounding the IMF legislation.

The Reagan Administration has conceded a $15.6bn housing appropriation Bill, which House Democrats had been demanding as the price of support for the IMF legislation. It seems that most of the differences between the House and Senate versions of the IMF legislation have also been resolved.

Two ideologically charged issues which have not been settled, however, are amendments to the IMF legislation aimed at restricting the *Fund's freedom* to *lend to South* Africa on the one hand and to communist governments on the other. Congressional officials were unable early yesterday to say how those matters would be resolved.

In the wake of the decision by the Senate to approve an increase in the Government's debt limit from $1,389bn to $1,450bn, Senator Howard Baker, the majority leader in the Senate, predicted yesterday that the Senate would adjourn for Christmas today as previously planned.

Although the House of Representatives had previously enacted a higher debt ceiling, it was confidently predicted that the differences in the two Bills might be resolved, enabling the Treasury to begin issuing securities again to raise funds for its day-to-day operations. There had been fears that if the Congress failed to act, the Government's finances would have been thrown into chaos early in December as it ran out of cash.

The race to meet the Friday adjournment deadlines means that, in spite of the mounting rhetoric in recent weeks, the chances of Congress's approving new legislation to cut budget deficits have now sunk virtually to zero.

Continued on Page 16

CONTENTS

EUROPEAN NEWS

Geneva missile talks to continue next week

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GENEVA talks to limit nuclear weapons in Europe are to continue for another week despite the arrival of the first new U.S. cruise missiles in Britain.

U.S. and Soviet negotiators yesterday spent more than two hours in their second formal session this week and have agreed to meet again on Wednesday.

Although normally meetings are held on Tuesday and Thursday, the U.S. asked for next week's session to be moved because of the U.S. thanksgiving holiday.

The future of the Intermediate Nuclear Force (INF) talks have hung in the balance since the first consignment of cruise missiles arrived at the RAF Greenham Common airbase on Monday.

Soviet leaders, including Mr Yuri Andropov, have threatened to leave the talks if and when the new missiles "appeared" in Europe.

Western officials have never been sure whether Moscow intended the actual arrival of the missiles or their operational capability (a later phas) should be the trigger for a walk out from Geneva.

However, it is now clear that the Soviet delegation will remain in Geneva until after next Monday and Tuesday's critical debate on the missile issue in the West German parliament.

Although the opposition SDP seems certain to vote against the missile deployment at the end of this week, the government is expected to win the Bundestag debate.

The arrival of nine *Pershing II missiles in Germany*, part of the new U.S. deployment programme, is expected immediately.

There was *continuing* speculation yesterday that this would provoke a Soviet withdrawal from Geneva, although some officials still believe Moscow will decide that any abrupt pull-out is counterproductive in propaganda terms.

Yesterday's meeting lasted two hours and 15 minutes. As usual, neither side would comment on the content of the discussions, although it is thought that the refinement of the latest U.S. offer to limit the arsenals of each superpower to 420 medium-range warheads was discussed.

Deployment drama nears climax in Bonn

BY RUPERT CORNWELL IN BONN

OVER the coming seven days, the inevitable but no less momentous scenes which constitute the long-heralded climax to West Germany's "autumn of the missiles" will be acted out.

First, the opposition Social Democrat party will at a special congress in Cologne this weekend formally and overwhelmingly reject the imminent deployment of cruise, and above all Pershing 2 missiles on the soil of the Federal Republic.

Between 85 and 90 per cent of delegates are expected to oppose deployment, although that figure will probably not include Herr Helmut Schmidt.

The former Chancellor was largely instrumental in promoting the "twin-track" decision of Nato in autumn 1979. That decision meant Nato would negotiate with the Soviet Union and, simultaneously, press ahead with plans to install new missiles should those talks fail.

But the talks are now to all intent and purposes deadlocked.

On Monday and Tuesday, therefore, a second scene should be enacted in the Bundestag when the West German Parliament, whatever the SDP might say, gives the decisive go-ahead for the deployment of the missiles.

Its deliberations may well be drowned by the noise outside as the country's peace movement carries out its threat to besiege the Parliament building during the two days of debate. But the majority for deployment is secure, barring an utterly unexpected collapse of political will by the conservative-liberal coalition government of Herr Helmut Kohl.

Then, at the end of next week should come the denouement, as the first Pershings are delivered, probably to the accompaniment of protest at least as vehement as that seen over the past few days in Britain.

Less easy to foresee, however, are the consequences, in particular of the line adopted in Cologne by the SDP.

The motion upon which the party's congress will vote this weekend is the culmination of a movement away from Nato's strategy. That movement has turned into a stampede since the SDP lost power in a parliamentary no-confidence vote in October 1982, and was defeated at last March's general election.

In the process, Herr Schmidt has been left high and dry in near isolation—an elder statesman whose views are more appreciated outside his own country than within it.

His tensely awaited speech in Cologne on Saturday will be practically his first major appearance here since losing office as Chancellor 13 months ago. And no amount of criticism of the Russians and the Americans for their lack of serious negotiating purpose in Geneva seems, likely to mask the conflict between his views and those of his party.

Herr Willy Brandt, the SDP chairman, has in the meantime been doing his utmost to secure as much unity as possible at the congress. The difficult task before him has been underlined by the long hours spent by the SDP executive in deciding on the precise wording of the motion.

Herr Brandt has made his own desire clear. The congress should oppose deployment and press for a continuation of the Geneva talks in the hope of agreement. But he has resisted demands by the left-wing of the party for the withdrawal of the Federal Republic — along French lines — from the Alliance's integrated military structure.

West Germany's place is in Nato but disarmament, rather than new nuclear weapons, should be the over-riding priority, Herr Brandt maintains.

Clearly there are domestic political calculations too. An SDP further to the left might be better placed to pick up the support now going to the radical anti-missile Green movement, should the latter—as some suspect—lose strength once deployment gets under way.

In fact, local election results since March provide less than conclusive evidence for this theory. In Germany as in any other democracy, the centre remains where elections are won and lost, and too sharp a lurch to the left could well cost the SDP crucial moderate support.

Above all, what is happening in the SDP goes beyond the question of whether still more deadly nuclear weapons should be installed in a country already more densely packed with them than any other in Nato.

The Pershing and cruise missiles raise much wider issues about Germany, its future and its relations with the U.S., to which Herr Brandt's recent remark that the whole structure *of the alliance would have to* be discussed, indirectly referred. These particular genies will not be put back in the bottle in Cologne this weekend.

Ceausescu seeks halt to N-weapon deployment

By Leslie Colitt in East Berlin

ROMANIA'S leader, Mr Nicolae Ceausescu, last night called on the governments of all European countries in which new U.S. and Soviet intermediate range missiles are scheduled to be deployed not to permit their territories to be used as "bases for such destructive weapons."

In addition to Pershing 2 and cruise missiles which are to be stationed in several European countries, the Soviet Union has said it will deploy new "tactical-operative" missiles in East Germany and Czechoslovakia if the U.S. missiles are deployed.

President Ceausescu said the deployment of the missiles would be a violation of the treaty on non-proliferation of nuclear weapons signed by both Washington and Moscow.

He reiterated Romania's view that the Geneva talks between the U.S. and the Soviet Union should not try to reach agreement on an equal number of missiles but should lead to the elimination of all intermediate-range missiles in Europe.

The Romanian leader noted that if the U.S. fails to deploy several hundred missiles in Western Europe and the Soviet Union "*withdraws* and *scraps*" its missiles this would not lead to the imbalance which the two countries claim would result.

● Austro-Hungarian relations have reached a post-war peak after a two-day visit to Hungary by Austria's new Chancellor, *Herr Fred Sinowatz. The visit*, which ended yesterday, was chosen to emphasise the close relations between the two *neighbours and former allies.*

EEC and Japan in new talks on VCR imports

BY OUR TOKYO CORRESPONDENT

THE JAPANESE International Trade and Industry Minister, Mr Mesosuke Uno, will meet Viscount Etienne Davignon, EEC Industry Commissioner, today to discuss exports of Japanese video cassette recorders (VCRs) to the Community.

They did not reach agreement in Wednesday's first round to talks on a quantitative ceiling on Japanese VCR shipments next year to the Community, Mr Uno said.

This year Japan has limited its VCR exports to the EEC to 4.55m units.

During a two-hour discussion on VCRs and other export items Mr Uno is believed to have argued that the export restraint agreement negotiated this year should be revised in view of increasing output of VCRs by Japanese assembly plants in Europe.

Viscount Davignon pointed out that the agreement was originally intended to run for three years and that in return for Japan's promise to restrain imports, two European electronics companies had dropped anti-dumping charges against Japanese exporters.

Viscount Etienne Davignon

The EEC wants Japan to continue to limit exports next year and to extend the arrangement under which European VCR makers are guaranteed a minimum level of sales in Europe (1.2m units in 1983).

The EEC also opposes Japan's proposal to exclude from export restraint all VCR kits exported to Europe for assembly.

It is ready, however, to consider proposals for excluding kits exported to Europe for manufacturing operations which incorporate a certain minimum local added value.

The minimum level would probably be well below 50 per cent but would be high enough to ensure that some components were being procured in Europe.

Failure to reach agreement on the VCR export issue by the end of the week could mean that the next meeting of the EEC Council of Ministers will once again be preoccupied with Japanese trade issues.

Athens steps up pressure on Denktash

By Andriana Ierodiaconou in Athens

THE GREEK Prime Minister, Dr Andreas Papandreou, yesterday said his government will concentrate diplomatic efforts on getting Turkish Cypriot leader Mr Raouf Denktash to revoke his unilateral declaration of independence in northern Cyprus.

Otherwise there could be "very serious" repercussions on security in the Eastern Mediterranean, he warned.

Dr Papandreou's statements followed talks in Athens with Cypriot President Spyros Kyprianou, who was on his way to London and the UN in New York.

Greek and Cypriot strategy is to rely heavily on bringing international pressure to bear on Mr Denktash. Both Athens and Nicosia have been counting their friends worldwide in the past two days.

Both the Greek and Cypriot governments greeted with relief yesterday's announcement by Tass, the Soviet news agency, condemning Mr Denktash's move and asking for "an annulment" of UDI in Cyprus.

Earlier there had been concern in Athens over the silence maintained by Moscow and most of Eastern Europe on the Cyprus crisis.

Until late yesterday only Romania and East Germany had issued statements against the UDI move. Moscow's response had been limited to a luke warm Tass commentary calling for an international conference on Cyprus in the framework of the UN but avoiding direct condemnation of Mr Denktash's actions.

This was felt to be a major blow to the policy of rapprochement with the east pursued by Mr Papandreou's government.

The ambassadors of the Soviet Union and Eastern Europe were summoned to the Greek Foreign Ministry on Wednesday and asked to clarify their positions on the developments in Cyprus. This tactic appears to have paid off.

The slowness of the Soviet reaction was not entirely surprising. In an official visit to Greece last February, Mr Nikolai Tikhonov, the Soviet Premier, reportedly made it clear to Mr Papandreou that Moscow would not take sides in a Greek-Turkish dispute in the Aegean or in Cyprus.

Late yesterday, Mr Papandreou and Mr Kyprianou said in Athens they were both satisfied with the results of their international appeal for diplomatic pressure against Mr Denktash and Ankara.

Reuter adds: Turkey said it had accepted Britain's call for urgent talks with Ankara and Athens on the Cyprus crisis.

Greece has said it could not attend trilateral talks because of Turkey's recognition of the newly-declared state in northern Cyprus.

But Ankara described Britain's draft UN Security Council resolution calling for reversal of the independence declaration as negative and said it would serve no use.

In Nicosia Greek Cypriots held a one-hour general strike in a widely-observed protest against Tuesday's declaration of independence.

France likely to overshoot inflation target

BY PAUL BETTS IN PARIS

FRANCE is unlikely to meet its revised 9 per cent inflation target this year following the release yesterday of provisional retail price inflation figures for October showing a 0.7 per cent rise in the monthly price index.

The latest figures are a blow to the French Government which was originally hoping to contain the rate of retail price inflation at 8 per cent this year.

A few weeks ago, the government acknowledged this target would be overshot and had established a new target of 9 per cent.

M Jacques Delors, the French Economy and Finance Minister, said yesterday he was "a little disappointed" by the October figures. Nonetheless he claimed the general inflation trend remained satisfactory.

The 0.7 per cent rise in the price index last month follows a 0.8 per cent rise in September. Since the start of the year, the index has increased by 8.4 per cent. It is highly unlikely that it will increase by no more than 0.6 per cent during the next two months to enable the government to meet the revised 9 per cent inflation target for this year.

The latest rise continues to reflect the sharp increases in food and service prices since the end of the summer and the latest automatic increases in rents.

Many economists are now expecting an inflation rate of about 9.5 per cent this year in France or close to the 9.7 per cent rate of last year.

The latest figures also mean the government's ambitious target of holding down consumer inflation at a rate of 5 per cent next year looks more unlikely than ever.

In an effort to win wider public support for its anti-inflation efforts, the Finance Ministry has been running advertisements on television on the theme of the need for France to contain inflation

Group of Ten plan reform talks

BY DAVID MARSH IN PARIS

THE MAIN international financial organisations are to pool resources over the next few months to try to work out guidelines for a better coordination of the world monetary system.

This was agreed by top financial officials from the main industrialised countries in Paris yesterday. They were holding a preliminary meeting to sketch out plans for monetary reform talks set in motion by a resolution of the top industrialised nations at this summer's Williamsburg summit.

The talks, held by senior Central Bankers and Treasury officials from the 10 richest Western nations—the so-called Group of Ten deputies—were described as "harmonious" by one central banking delegate last night.

The International Monetary Fund, Bank for International Settlements, and the Organisation for Economic Co-operation and Development are to contribute to further analysis of monetary problems in the next few months. This is expected to lead to a meeting of Group of Ten *finance ministers* early next year.

Delegates conceded yesterday that in view of existing divergence in economic policies — particularly between the U.S. and Europe over budget deficits —there would be only slow progress towards any durable improvement in international monetary arrangements.

The idea for the reform talks was sparked off by French President Francois Mitterrand in a keynote speech last May. But it is clear his suggestion of a second Bretton Woods conference to renew world monetary order remains a very distant proposition.

Discussions yesterday focussed on three areas. These were the need for exchange rate surveillance by the IMF, harmonisation of macro-economic policies and the likely needs for global liquidity creation in coming years.

One delegate said countries agreed on the need for reduced volatility of exchange rates. The U.S., which has angered its European partners by adopting a laissez-faire policy on the dollar was "forthcoming" in discussing problems of currency fluctuations.

But participants have been disillusioned about the idea of launching a new general study on exchange market movements. A voluminous report on currency intervention, produced under the aegis of the French Treasury and published in the summer, was immediately downplayed by the U.S. when it appeared. One senior European *Treasury official said he* was "fed up" with the long drawn out process of drawing up such documents.

Bomb dismantled

Army explosives experts have dismantled a bomb near Australia's only atomic reactor. A spokesman said the bomb did not pose a threat, AP reports from Sydney. Police said the bomb was found during an inspection of a power relay station 500 yards from the government Lucas Heights Atomic Energy Commission plant.

Taiwan growth

Taiwan's *economic growth is* expected to increase by 7.5 per cent for 1984 compared with an estimated growth of 6.9 per cent for the *current year*, according to a government economic planning body, AP-DJ reports from Taipei.

Uganda by-elections

The Ruling Uganda People's Congress (UPC) made a clean sweep of the country's first parliamentary by-elections since December 1981. It won the only two contested seats and its candidates ...were ...*declared* ...unopposed winners in six other districts, Reuter reports from Kampala.

Early Irish oil output opposed

By Brendan Keenan in Dublin

OFFICIALS in the Irish Department of Energy and the state oil company are understood to oppose the idea of early production from the oil find off the south coast, where a vital appraisal well is due to begin drilling next week.

If this well proves as successful as the one which flowed at a rate of almost 10,000 barrels per day last August, the consortium of Gulf Oil, Unionoil and Atlantic Resources is expected to suggest to the government they negotiate suitable terms for immediate production.

They have already installed a seabed template, which would make such an arrangement possible.

Officials are dubious about the idea because of the possible loss of recoverable reserves which it implies.

In a more elaborate production system, a mixture of injection and producing wells would be used to maximise the amount of oil extracted. They are also concerned about going into production before the exact nature and size of the discovery has been assessed by further drilling.

Their views have been supported by the opposition spokesman on energy, Mr Desmond O'Malley. He called for maximum state participation in any discovery and said no arrangement for early production should be permitted before the most careful technical advice had been taken.

However, it would be of great advantage to the government to have oil ashore in the life of the present parliament, which means before 1987.

Madrid rejects employers' demand for labour reform

BY DAVID WHITE IN MADRID

THE Spanish Socialist Government has turned down employers' demands for a labour reform that would give small companies a free hand in shedding labour.

It has instead reaffirmed its policy of using temporary work contracts as the main tool for creating a more flexible labour system.

The CEOE employers' federation claimed that by allowing *small enterprises to dismiss* workers without approval by the labour authorities, which would only intervene in fixing *redundancy timetables*, the Government would encourage fresh employment and so be able to achieve its ambitious *target of creating 200,000 jobs* a year.

The Government fears, however, that with unemployment already standing at over 17 per cent of the workforce such a move would bring a spate of labour cuts.

The CEOE pressed its demand in response to a Government proposal to end special concessions to small companies which reduce the high cost of redundancy compensation.

Up to now companies employing up to 25 people enjoy a 20 per cent reduction on the standard compensation level and have 40 per cent of the remainder covered by a special employers' fund.

This means that the cost of a redundancy to a small business is 21.6 days of salary for each year worked, as against 45 days for larger companies.

Sr Juan Jimenez Aguilar, chairman of Cepyme, the small-enterprise federation linked to the CEOE, charged that instead of making the system more flexible as the Government said it intended to do "they are making it more rigid."

The Government argues the system has been abused by many employers.

EEC ruling worries Ford

BY JOHN DAVIES IN FRANKFURT

FORD-WERKE reacted with concern yesterday by the European Commission's view that the distribution system for Ford cars in West Germany breached EEC competition rules.

The Cologne-based subsidiary of the U.S. motor vehicle group said it was seeking a complete text of the Commission's statement, which would be studied by lawyers.

The Commission's pronouncement on Wednesday stems from controversy over the sale of right-hand-drive cars in West Germany for use in Britain.

As a result of pressure from UK distributors, Ford halted such sales but re-introduced them after an interim order from the European Court of Justice last September.

The latest move by the Commission appears to go a stage further by striking at the heart of the motor industry's established distribution system.

The car industry is aware its system of sales through appointed dealers is regarded with irritation in Brussels, which feels it offends EEC aims of complete freedom of competition.

Christopher Bobinski in Warsaw explains how a lack of consumer goods can become a source of unrest

Politics aside the Poles find it hard to spend money

WHEN, a few weeks ago, Poles greeted the reintroduction of butter rationing with a wave of anger, the authorities moved quickly. The Government met in special session, apologised to consumers for the way the move was made, and reprimanded the Minister, who in turn sacked two of his deputies.

Much of *the anger arose* from the bitter disappointment that fragile hopes of things improving had been dashed. *Panic buying* followed *of* other articles people feared might be rationed in some parts of the country.

Reaction is now awaited to the new food prices due to come in in the New Year and published last week. These prices are designed to match higher agricultural prices being paid to farmers from last July and are another reminder to the people that things could get worse before they get better.

The authorities have been careful about the presentation of the new prices. The rises average around 20 per cent and *consultations* are to *be held*, permitting the authorities to lower the increases a few points if need be.

For the people are tired of hardship, and of lack of information about economic conditions. Many feel that the authorities should at least say clearly when things are going to get better, as the wait would be easier if an end was in sight.

The chances that tomorrow's central committee meeting will provide such information are slight. But the debate on the state of the economy will be outspoken and the message that progress is too slow will be strongly put.

Some speakers will, with justification, blame Western sanctions; others will heap abuse on speculators and work-shy "social parasites." Still others may criticise the Government, thus opening the way to a Cabinet reshuffle at a parliamentary session at the beginning of next week.

If the reaction to the new prices is strong, then central committee members will be more outspoken in defending workers' living standards and blaming the Government. A reshuffle could take some of the strain.

The authorities clearly realise that they have to tread carefully. A communiqué following a Politburo meeting last Friday promised more information on the state of the economy and explanations of official decisions.

More communication will be needed, for 1984 promises to be a difficult year. Draft plans forecasting growth in industrial production of between 4.5 and 5.5 per cent have already come under fire as unrealistically high. The figures assume an unprecedented 2.5 per cent rate of savings in raw materials consumption.

Net material product is the nearest Comecon equivalent to gross domestic product

The industrial production figure is also tied to a 16 per cent growth in hard currency exports to pay for essential imports next year. This looks unlikely, as exports to the West this year have scarcely increased over last year's level.

Much of Poland's hard currency earnings this year have come from exports of raw materials such as coal and copper, and possibilities of growth here are running out. The weakness is the engineering sector, where hard currency sales are far below plan and show little sign of improving next year. Quality has dropped and engineering exports have been hard hit by the withdrawal of most-favoured-nation status by the U.S., and shortages of components and spare parts due to the cutting off of Western credit.

The credit *situation* for next year is quite unclear. This year Poland has managed to raise $600m, mostly from Libya and China, compared with $1.5bn in 1982 and $4.5bn in 1981.

Talks with Western governments on the rescheduling of slightly over half of Poland's $2bn debt are only just beginning in the Paris Club and the country has still not been allowed to join the International Monetary Fund.

Even though talks with commercial banks on rescheduling payments due next year are continuing, this year's agreement has been criticised for not leaving enough breathing space for the economy. The chances of getting better terms next year are slim, however.

The inflation rate is likely to reach more than the 16 per cent projected for next year as workers demand pay increases and industry continues to produce as great a share of non-consumer goods as it ever did, driving up the price of consumer goods.

Meanwhile consumer industries, which if given the conditions to develop could soak up some of the demand, are struggling to win better allocation of resources at the expense of heavy industry, ever jealous of its dominant position.

Next year will also be critical for food supplies, especially meat. Since martial law came in in December, 1981, the weather has been kind to General Wojciech Jaruzelski and crop levels have been respectable.

The cut in Western grain credits which reduced imports from an annual 8m tonnes in the late 1970s to 3.5m tonnes at the moment has led to a record drop in the pig herd. The slump will be felt in full next year *and the authorities will* be struggling to maintain ration allocations by cutting supplies to restaurants and canteens, lowering meat exports and importing corn to boost chicken production.

Experts have already started calling for a rise in the price the state pays to farmers for meat to boost production, which is showing slight signs of improvement. But the effects will be felt only at the end of next year. A poor harvest next year would set recovery back and necessitate further imports of expensive grains and feed.

As the problems multiply and the prospects of tangible recovery recede, the Government has responded traditionally by trying to *centralise* as many sectors as possible. The decentralising economic reform which started coming in last year is being whittled away so much that Professor Cezary Jozefiak, one of the members of the commission which drew up the reform, has called for a moratorium on its introduction.

This would permit the Government, frustrated by new-fangled methods of trying to influence the economy through indirect economic means and the loss of power which decentralisation brings, to go back to methods of central direction without at least giving the reform a bad name.

With few political concessions on the horizon, the only other way of keeping the restive population reasonably quiescent *is through an improvement on* the shop shelves. But even were the economy to grow again next year by the planned 3.5 per cent, production of consumer goods will still fall below expectations and the outlook on food is gloomy.

General Jaruzelski has lately tended to leave the running of the economy in the hands of his deputies. He may be ill advised to do so, for it is here that his political future is being decided.

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OVERSEAS NEWS

Hitachi payments to IBM could reach $280m

BY JUREK MARTIN IN TOKYO

HITACHI'S total payments to International Business Machines could well exceed $150m and conceivably climb as high as $280m over the next few years as a result of the out-of-court settlement of the so-called IBM "spy case."

The exact amount appears to depend on the extent to which Hitachi is able to develop and sell its own new computer software, thus reducing royalty payments it has agreed to make to IBM in recognition of IBM's copyright on its existing software goods.

Hitachi declined to comment, but added that it was impressed by a spate of Japanese Press reports giving hitherto unreleased details of the IBM settlement.

The most authoritative of these said that Hitachi was prepared to pay Y6-7bn (about $25-29m) annually in royalty payments to IBM for as much as the next eight years.

It bad previously been disclosed that Hitachi was to pay IBM Y10bn for past royalty obligations and covered IBM's court costs, estimated to be over Y1bn.

Although, on paper, this could involve Hitachi in a total obligation approaching $250m, the Japanese company apparently believes that its future royalty payments will substantially drop off after two years, as its new generation of software replaces its current line, on which IBM copyright has been acknowledged.

Although clearly onerous, the payments would appear to be well within Hitachi's financial compass. In its most recent half-yearly results, it showed a recurring profit of Y89bn (19 per cent up) and a net profit of Y41bn, a 15 per cent improvement.

The Y10bn payment for past royalties has been included in the books for the current half year as a "miscellaneous" loss.

So far Hitachi has resolutely refused to divulge, on its own initiative, the terms of the IBM agreement and IBM has stated, as recently as this week in court in California, that it is up to the Japanese company to make any disclosure.

However, Hitachi officials have just as persistently denied one published report that its royalty payments to IBM, described by one U.S. lawyer as "the crown jewels" of the settlement, could reach the equivalent of $300m.

Broad agreement on IMF package for Philippines

WASHINGTON — The International Monetary Fund (IMF) and the Philippines have reached broad agreement on a loan package for the economically-ailing country, according to officials.

Mr Cesar Virata, Philippines Prime Minister, held talks with IMF officials on the loan programme which might eventually provide about $647m for his country.

The IMF has put a freeze on almost any new major loans until its member countries, including the U.S., give final legislative approval to a major increase in quotas tentatively approved earlier this year.

The U.S. Congress is wrestling with a Bill appropriating the $8.4bn U.S. share, but the measure has become enmeshed in domestic politics.

Last month, the Philippines, with a total foreign debt of $18bn requested a 90-day suspension of its principal repayments owed to commercial banks while it worked out its financing needs for the rest of this year and 1984.

If U.S. legislators approve Washington's contribution to the IMF before Congress's scheduled recess today, it could open up the agency to an additional $6bn in bridging loans from the Bank of International Settlements and Saudi Arabia. Reuter

Emilia Tagaza writes from Manila: The Philippines Government in its letter of intent to the IMF has committed itself to achieve a marginal growth in Gross Domestic Product (GDP) in 1984. This is going to be difficult to achieve, according to observers here, since the population is expected to grow by 2.5 per cent, and GDP growth could be zero.

The letter of intent commits the Government to a tight limit on credit expansion and a drastic cut in the 1984 budget deficit from the programmed Pesos 8.8bn ($628m) to Pesos 6.5bn ($464m). With curbs on credit growth and government spending it is hoped the 1984 current account deficit will be contained to $1.5bn.

Sri Lanka announces 'rehabilitation tax'

BY MERVYN DE SILVA IN COLOMBO

A REHABILITATION tax, aimed at helping Sri Lankan victims of the anti-Tamil riot in July will require all wage earners to pay 1 per cent and income tax payers 10 per cent of their 1984-85 earnings.

Announcing the measure, Mr Ronnie de Mel, Finance Minister, said in his budget speech on Wednesday that the economic damage was less than feared. There had been no serious dislocation in the tea sector, and the rubber industry was unaffected. Tourism, however, had been quite seriously affected.

While recovery would be faster than anticipated, any repetition of the July disturbances would prove disastrous.

Drought in the first part of the year and the ethnic violence would result in a decline of tea production by 4.3 per cent and rubber by 14 per cent. The budget gives several incentives to the plantation sector, especially tea and coconut.

Trade links likely to be restored in E. Africa

By Quentin Peel, Africa Editor

AGREEMENT by the Presidents of Kenya, Tanzania and Uganda on the distribution of assets from the defunct East African Community, reached early yesterday, clears the way for a normalisation of relations in the region, starting with the reopening of the border between Kenya and Tanzania.

This was confirmed by President Julius Nyerere of Tanzania at the end of the summit meeting in Arusha.

Officials expect, however, only a gradual recovery of trading links between the countries, which have diversified their external links since the collapse of the East African Community in 1977.

Failure to agree on the distribution of Community assets—including railway rolling stock, ferry boats, workshops, and the newly-built headquarters in Arusha—has bedevilled relations between the former partners over the past six years. In addition, diplomatic relations between Kenya and Tanzania in particular have been frosty, both because of personality differences and ideological disagreements.

The agreement provides for both Kenya, and to a lesser extent Tanzania, to repay more than $190m to Uganda, which was left with the fewest fixed assets after 1977. President Nyerere said Kenya and Tanzania had agreed to pay either in convertible currency, in goods, facilities or services.

Given the foreign exchange shortages in all three countries, one likely means of repayment is thought to be granting Uganda concessionary rates on transit traffic through its neighbours.

The agreement on the distribution of assets and liabilities follows extended mediation by Dr Viktor Umbricht, a Swiss diplomat appointed to that task by the World Bank in 1977. He concluded that approximately $1bn of assets were divided so that Kenya inherited 52.1 per cent, Tanzania 35.2 per cent and Uganda only 12.7 per cent of the Community assets. The transfer of $190m to Uganda is intended to compensate it for its small share.

Dr Umbricht's report two years ago was the subject of regular discussions between officials and Ministers, without any obvious signs of progress.

Political observers in East Africa believe that the dismissal of Mr Charles Njonjo, the former Kenyan Attorney-General and Minister of Constitutional Affairs, was an important factor behind the improved political relations, because he was deeply mistrusted by both President Nyerere and President Milton Obote of Uganda.

Another factor in the agreement has probably been the economic plight of all three countries, who have all suffered from the break-up of the Community, once regarded as a model of regional co-operation in Africa.

Kenya used to export goods worth some $15m a year to Tanzania before the border closure, but is unlikely to recapture that market quickly. The major stumbling block is Tanzania's desperate shortage of foreign exchange, and officials also expect the border re-opening to be carried out in phases.

The tourist industry could benefit more quickly, although Tanzania is keen to negotiate for a larger share of hard currency earnings from tourists who come into the country.

Sudanese Army troops stormed a rebel hideout near the southern town of Bentiu yesterday, freeing two British hostages and inflicting heavy casualties on the rebels, according to an army statement, AP reports from Khartoum.

Rebels captured

Burmese troops have captured a Karen guerrilla camp near Thailand's western border after clashes which claimed casualties on both sides, Thai police said yesterday, Reuter reports from Bangkok. Hundreds of Karen people had fled the area in the face of the government offensive, launched after Karen rebels seized a French couple, and were now about 14 kms from the border, they said.

Indonesian talks

French Foreign Minister Claude Cheysson is expected to discuss in his talks today with Indonesian leaders the question of French nuclear testing in the Pacific and the Cambodian problem, according to Foreign Minister Mochtar Kusumaatmadja, AP reports from Jakarta.

Hawke's plans

Australian Prime Minister Bob Hawke said he planned to raise the issues of Cyprus, disarmament and nuclear non-proliferation at the Commonwealth Heads of Government meeting in New Delhi next week, AP reports from Canberra.

West Bank move

New U.S. special Middle East envoy Donald Rumsfeld has met Israeli Prime Minister Yitzhak Shamir and reportedly raised the possibility of bringing Jordan and the Palestinians to the negotiating table to discuss the future of the West Bank, AP reports from Jerusalem.

Peking and Moscow reopen border in central Asia

BY OUR PEKING CORRESPONDENT

CHINA and the Soviet Union have reopened their 3,000 km border in central Asia for trade exchanges.

A convoy of Soviet-built trucks passed through a border post at Horgas, on the north-west boundary of China's Xinjiang province yesterday and a group of Soviet officials were entertained by the Chinese.

The official Chinese news agency, Xinhua, reported that a second crossing post, at Turugart near the city of Kashgar in southern Xinjiang, was also reopening.

The border was closed officially in 1962 when China and the Soviet Union became divided over ideology and the last trade crossing was 10 years ago.

Xinhua said an agreement to reopen the border posts had been reached last year. But senior Chinese officials said several weeks ago that negotiations were still under way in Moscow and agreement was being delayed because of "difficulties" on the part of the Russians.

The decision is the first evidence of improvement in relations between the two Communist nations since a third round of talks discussing the possibility of normalisation ended in Peking last month.

While the two sides agreed to meet again next year and there is believed to have been an agreement in principle to increase trade and low-level technical and educational exchanges, the talks made no apparent progress on major foreign policy disagreements.

The two border posts, which were trade routes in the 1950s, will be used for the exchange of goods under state level trade agreements. The target for Sino-Soviet barter trade increased this year by 170 per cent to about $800m.

Chinese officials have said their main exports across the border will be long-staple cotton and fruit while the Soviet exports would include glass and coffee.

China in drive against 'spiritual pollution'

BY MARK BAKER IN PEKING

CHINA'S CAMPAIGN to clean up the membership and activities of the Communist Party has begun with a fierce and unexpected attack on liberal attitudes among writers, intellectuals and actors.

The drive against so-called "spiritual pollution," which began with a barrage of publicity three weeks ago under instructions from Deng Xiaoping, the Chinese leader, now shows signs of becoming the harshest reaction to liberalism in China in recent years.

Already several literary and popular journals have been shut, a number of plays and films have been banned, stricter censorship is being applied to bookshops, student publications and university libraries, and many well-known writers have been forced to make public criticisms either of their own work or of general literary unorthodoxy.

What was interpreted initially as a diversionary tactic by the Deng leadership in preparation for the expected expulsion of millions of "Leftists" from the party — slap the wrists of the Right before you chop off the hands of the Left — now appears to be an attempt to force a return to more conservative standards in cultural circles and political theory.

It has revived memories among foreign observers in Peking of the abrupt crackdown in March, 1980 against the democracy wall movement, China's brief flirtation with free expression in wall posters and public rallies. It has also reinforced Deng's image of a tough and uncompromising leader on questions of discipline and public morality. This is often obscured by the great attention his formidable economic achievements attracts.

Spiritual pollution has been defined by the head of the party's propaganda department, Deng Liqun, in four categories: "Things which are obscene, barbarous or reactionary; vulgar and unethical artistic performances; lust for personal fame and fortune; and articles and speeches which criticise or question Marxism and Socialism.

"Some of the people associated with these things are party members and some are cadres (officials) in the party. Although small in number, like germs, if you don't try to stop them they will become contagious and will cause very grave damage," he said.

Attention has been concentrated on the "spiritual pollution" claimed to have entered China because of its opening to the West over the past five years. The alleged pollutants have ranged, from smuggled pornographic videotapes—very popular with the army top brass and at least one ageing Politburo member—to excessive hugging and kissing in public. Any abstract idiom in the arts, theatre and literature has been denounced. The only clearly acceptable theme is realism with a beneficial—and preferable unmistakeable — Socialist message.

A forum in southern Guangxi province described literary pollution as "the unhealthy phenomenon of drifting away from realities, of the pursuit of the so-called exotic surroundings and mood, the fabrication of absurd plots." The works of Sartre have been held up as an example for ridicule for their "evil" and bourgeois influence of "unrestrained freedom." An editorial in the People's Daily said: "Writers and artists should be engineers of people's souls . . . building socialist spiritual civilisation."

At times the campaign has had elements of pure farce. The People's Liberation Army held its first-ever poetry forum to guard against pollution in verse and resolved: "PLA readers do not like those riddle-like poems."

At the recent 10th Chinese national trade union congress, the deputy director of an engineering factory in Hunan said: "Staff members and workers should raise their political quality and act as corrosion-resistant and contamination-proof stainless steel."

The real targets of the campaign are believed to be an influential and growing band of officials, theoreticians and writers whose number extends into some of the highest levels of the party and the bureaucracy. They are liberal Marxists who believe that China should be following a much freer brand of socialism and that greater personal liberties should be introduced along with the current relaxation of economic controls.

These people, many in their 40s and 50s, have lived through the cultural revolution, are disillusioned and question the necessity of Deng's hard-line Marxism. Their attitudes are surfacing more frequently in literature and the arts, often in official media.

One of a number of prominent people who have been forced to make public self-criticisms during the campaign has been Zhou Yang, the 75-year-old leader of official literary and intellectual circles. His offence was to have written a major paper, published in People's Daily in March, commemorating the centenary of Karl Marx.

The paper suggested that Marx's concept of alienation in capitalist society could also apply in socialist society, that people could be alienated because of failures in the system, official abuses and economic errors, a concept that is anathema to the Dengists.

Zhou Yang has been forced to recant. "Alienation" and "humanitarianism" have become catchwords for abuse in the campaign.

China has disciplined several of its most senior propaganda officials as its anti-liberalism campaign gathers momentum, writes our Peking Correspondent.

Two high-ranking editors of the party newspaper, People's Daily, have been removed from their positions, and the Minister for Culture and the leader of official literary circles have both been forced to make public self-criticisms.

The director of the People's Daily, Mr Hu Jiwei, and the Deputy Editor-in-Chief in charge of ideological matters, Mr Wang Ruoshui, have both been replaced.

Glenn goes on attack against Mondale

By Reginald Dale, U.S. Editor in Washington

A NEWLY PUGNACIOUS Senator John Glenn of Ohio has gone on the attack against his chief rival for next year's Democratic Presidential nomination, former vice-president Walter Mondale, as the impression gains ground in Washington that the Glenn campaign may be faltering.

The former astronaut Mr Glenn has been trying to turn the tables on Mr Mondale this week. After examining Mr Mondale's voting record as a senator in the 1970s, Mr Glenn charged that his rival had been "weak" on defence.

Mr Glenn had only last month virtually accused Mr Mondale of cheating by dragging up past voting records — specifically Mr Glenn's 1981 senate vote in favour of President Ronald Reagon's controversiat tax cnt —a vote for "Reaganomics," Mr Mondale said.

Mr Glenn's counter-attack has now become two-pronged. In the first place, be said on Tuesday, Mr Mondale had opposed a nnmber of major weapons systems that Mr Glenn and the majority of other senators bad supported.

Secondly, he charged on Wednesday, Mr Mondale bad promised so much to special interest groups through his "*do-everything*" policies that be wonld find it impossible to redure massive U.S. budget deficits.

Greyhound resumes partial service

GREYHOUND has line resumed partial services with a *strike - breaking workforce* throughtont much of the U.S. yesterday amid conflicting claims about the effectiveness of union picket lines, Terry Dodsworth writes from New York.

According to the company, 1,600 nnlon members ont of the total unionised workforce of 12,500 turned np for work on the new and mucb rednced pay scales.

The company claimed that the 1,600, working alongside almost *1,300* newly-hired drivers, enabled it to run ell the services It had planned. Union representatives, bowever, insisted that the strike was bolding

Signs point to U.S. growth, says Feldstein

BY PAUL BETTS IN PARIS

THE U.S. ECONOMY is expected to continue to grow strongly in coming months despite the recent slowdown in the recovery from the explosive pace of this year's second quarter, Mr Martin Feldstein, chairman of President Reagan's council of economic advisers, said in Paris yesterday.

He said *all signs continued* to point to a 4.5 per cent real growth in the U.S. economy from the fourth quarter of this year to the fourth quarter of next year.

Mr Feldstein, who was addressing the American Chamber of Commerce in France yesterday, is in Paris to chair a two-day meeting of the economic policy committee of the Organisation for Economic Co-operation and Development (OECD).

Economists are expecting the OECD committee to revise upwards its economic forecasts since its latest report in July. In that month, the OECD was forecasting gross national product (GNP) real growth rate of 3¼ per cent in OECD countries next year.

Mr Feldstein, who claimed that U.S. inflation was not under control, said there should not be any further tightening of the U.S. monetary aggregetes in the months ahead and that the Federal Reserve could therefore expand money growth in line with its previously announced targets.

But he also warned against pressure in the U.S. Congress for easier money. He said neither President Reagan nor Mr Paul Volcker, Fed chairman, were likely to succumb to these pressures. "They recognise that an excessively expansionist *monetary policy would only in*crease inflation and reduce the prospects for a long and healthy recovery."

Mr Feldstein again warned of the impact the large U.S. budget deficits are likely to have on recovery *in the longer term. While in the* short term, the U.S. deficits will probably have a positive impact on the recovery. The prospect of a string of large deficits in the future inevitably raised real long-term interest rates above the level where *they should* be.

In turn, this crowds out economic activity in key interest-sensitive sectors. The anticipation of future large deficits is propping up interest rates and the value of the U.S. dollar, thus maintaining the U.S. trade deficit at record levels.

Mr Feldstein said the U.S. trade deficit was likely to double from 1982's record of $36bn to between $60bn – $70bn this year. Next year, the trade deficit was likely to be in excess of $100bn, he said.

Mexico to reprivatise nationalised companies

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government willl return to the private sector all the several bundred companies, insurance firms and brokerage houses in whicb the former privately owned banks had equity stakes or owned them completely, a senior Government officiol said yesterday.

When the last government of Sr Jose Lopez Portillo nationalised the private banking system in September last year, the state also took over the banks' Industrial portfolios, whicb include equity stakes in the majority of the country's 100 most actively traded companies on the Mexican stock exchange.

The Government of President Miguel De La Madrid bad spoken of keeping the banks' participation in "strategic" industries like mining and secondary petrochemicals. The trade union movement, which is closely *allied to* the ruling Institutional Revolutionary Party, bas been demanding that the Government keep most of the non-banking assets.

The official said the Government hoped to restore some of the private sector's shattered confidence by returning all these concerns.

U.S., China grain and textile link unresolved

By Nancy Dunne in Washington

A DISPUTE over linkage between grains and textile trade remained unsettled at the conclusion of U.S.-Chinese talks this week in Washington.

In a four year grain sales pact beginning in 1981, the Chinese agreed to buy a minimum of 6m tonnes of U.S. grain a year for four years. They bought 8.3m tonnes in 1981 and 8.0m tonnes in 1982.

However, this year when the two sides became embroiled in a dispute over the Chinese share of U.S. textile market, the Chinese reduced their grain purchases to about 3m tonnes.

In the talks this week, the Chinese implied that future grain purchases would continue to depend on textile imports.

More American news, Page 7

A Department of Agriculture spokesman said the Chinese indicated they might buy up to 9m tonnes of grain in 1984 "as long as the U.S. remains competitive."

Although the two countries have reached an agreement on textiles, relations bave been clouded by a countervailing duty petition filed by textile manufacturers with the Department of Commerce. The petition is unusual because it claims a Chinese subsidy via a dual exchange rate.

● China plans "substantial increases" over the next several years in imports in the energy, transportation and communications sectors *as part of efforts toward sustained* economic growth, according to Mr Malcolm Baldrige U.S. Commerce Secretary.

He predicted China will import nearly $1bn of sophisticated U.S. electronic equipment between now and 1986. But despite improved U.S.-China relations, "we cannot sit back and relax" efforts to increase *trade with China, Mr Baldrige said*, in remarks for delivery to the Council on Foreign Relations in New York.

China is in good economic shape to increase its imports because it is not saddled with the heavy external debt problems. China's foreign exchange reserves total over $14bn

Paris Club to meet on Brazil loan package

BY ANDREW WHITLEY IN SAO PAULO

LEADING WESTERN lender governmenta grouped in the "Paris Club" are to meet Sr Ernane Galveas, the Brazilian finence minister, in Paris early next week to try and put in place the final piece in the Brazilian debt renegotlation jigsaw.

The meeting has been scheduled to open on Tuesday, the doy the International Monetary Fund board is due to meet in Washington to give its expected approval to resumption of lending to Brazil on the basis of the Letter of Intent omended over the past few days by IMF and Brazilian officiala.

In Paris, Brazil is seeking a novel "extended Paris Club egreement," occording to a senlor member of its delegalion. This would entail the rolling over of $2.3bn In loan interest and capital falling due to the end of 1984 and the simultaneous provision of $2.5bn in fresh official *credits* and loan guarantees.

Problems are anticipated over the second half of the package, due to the difficulty West European governments in particular are having in reconciling the need to provide new credits et a time when their exports to Brazil are being sharply curtailed.

So far only $1.5bn of the requested $2.5bn has been firmly committed; from the U.S. *Export-Import* Bank. Canada is also believed to be prepared to offer another $200m in support of its wheat sales to Brazil.

But the British government has already made public its refusal to participate in new lending and the other West European participants in the Paris Club are unlikely to make more than token contributions, according to diplomatic evaluations.

Robert Gibbens, in Montreal, reports on the economic plight of Quebec

Levesque strives to reinspire voters

PREMIER Rene Levesque end his independence-minded *Parti* quebecois Government bave launched a last-ditch attempt to revive theic sagging popular support in Canada's French-speaking province of Quebec.

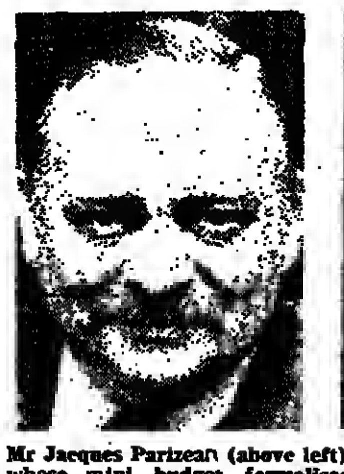
Mr Levesque went on television last weekend with a package of job creation measures, promises of fresh support for small business, commltments to lowec personal taxes, and projects to speed recovery in the key Montreal area. On Wednesday nigbt Mr Jacques Parizeau, tba Finance Minister, presented a mini-budget to the national assembly.

It incorporated Mr Levesque's C$2bn (£1.09bn) package, wbich may belp recovery, but will also increase provincial borrowing to cover an expanding budget deficit. The opposition Quebec Liberals, now under the leadership of Mr Robert Bourassa, the Premier, labelled the Levesque package as more empty promises.

The Liberals, following e noisy leadership convention last month, have found e new sense of purpose. With Mr Bourassa at the helm, they ore confident tbey can heal divisions that Mr Clande Ryan, their formec leader, could not bridge.

The Parti quebecois has had e bad yeac. First the Government bod to wrestle with the public sector unions to get them to accept en effective wage freeze foc a year. By spring it won the battle, even against the teochers. Feelings were bitter, since the PQ came to power in 1976 with the help of the two majoc union federations and the teachers.

Cuts in hospital *services* followed, and a fight with tbe doctors ovec pay. In his budget speech in April Mr Parizeau said these "*sacrifices*" would enable the Government to bold



Mr Jacques Parizean (above left), Quebec's Finance Minister, whose mini budget formalised the Levesque economic package this week; for Mr Robert Bourassa, opposition leader (above right) it was all "empty promises"

its budget deficit at just over C$3bn, *but no cuts were* possible in Quebec's very high personal and consumption taxes. In his mini budget this week, be reduced the sales tax on petrol from 40 pec cent to 30 per cent, which had made it the most expensive to buy in Canada apart from tbe far north. Other tax changes would have to wait until the spring, he said.

Quebec's economy contracted about 6 per cent in real terms in 1982 and apart from housing, recovery did not get under way until the second quarter of 1983. By tha end of 1983 the economy might regain one or two percentage points, but mining and metals, some forest prodncts, and some manufactur*ing industries are still flounder*ing.

The Government followed a policy of benign neglect during the *summer*, despite numerous high-level conferences on exports, technological transfers and *high technology. More than* C$200m was provided in loan guarantees *for* small business.

In the eutumn, demonstrations erupted in a high unemployment area of the Gaspe peninsula, about 600 miles northeast of Montreal, partly because of the closure of e Government-owned sawmill. The Gaspe has always bod a chronic unemployment problem. When demonstrators tnre down the blue-and-wiita flag of Quebec, the symbolism was un*mistakable*.

Both the federal Canadian Government and the Quebec Liberals moved on to the offensive. The Levesque Government was forced to get into line with the Ottawa liberals to provide 40 per cent of a public-sector support package for a C$750m helicopter development and production project near *Montreal by Bell Textron* belicopters.

Facing increasing pressure from its own supporters to do something about the 14 per cent unemployment rate (which rises to 50 per cent in some towns) the Government delayed the autumn recall of the National Assembly and went into yet another buddle. The Opposition *continued* to hammer *home* accusations of economic mismanagement, and the result was Mr Levesque's package of promises and the *Parizean* minibndget. But little can be done about the economy this year, except to give voters a *few* more dollars *for* Christmas.

Quebec's economy has been seriously hit by the world recession and low commodity prices. Its manufacturing sectoc has been going through its most severe post-war rationali*sation. It is slowly developing* new high-technology Industries, but Government policies are nften thought to be antibusiness and too pro-union, in spite of the wage freeze.

The Government has promised *to introduce amendments* to Bill 101, the language legislation designed to ensure the snpremacy of French giving weight to the rights of English-language institutions and removing some irritants.

The Government's popularity has been at an all time low since its election in 1976, and the Parti quebecois has lost nearly balf *its members since* 1981. Polls have indicated a large Liberal majority if an election were beld now.

The Government has called two pending by-elections for December 5, and could lose both. Since coming to power in 1976 the Parti quebecois has lost all 16 by-elections held. But it did win the all-important Quebec general election in 1981.

Hindustan Motors and Isuzu sign truck co-operation deal

By JOHN ELLIOTT IN NEW DELHI

JAPAN'S penetration of the Indian automotive industry has spread to heavy trucks and buses from light commercial vehicles, cars and two wbeelers with the signing this week of a technical collaboration deal between Hindustan Motors of Calcutta and Isuzu of Japan.

Hindustan, part of one of the Birla family's group of companies, is to spend $125m (£83m) over the next two years on Isuzu assembly and manufacturing facilities in the states of Gujerat and Uttar Pradesh as well as in the company's main operating rentre in Calcutta. *Isuzu is* 34 *per* cent owned by General Motors of the U.S.

This week's collaboration is for Isuzu's eight-ton diesel trucks *and buses which should* go into production in mid-1985. Output of 30,000 vehicles a year has been approved by the Indian Government. *Hindustan* expects to achieve this by the end of the decade by which time it plans to hare fully indigenised production.

Hindustan's main competitors are Telco, a Tata Group company linked with Mercedes Benz, and Ashok Leyland, a partially owned subsidiary of BL.

Hindustan had intended to continue a 25-year-old technical collaboration deal with GM's Bedford trucks from Vauxhall in the UK. But it decided earlier this year tbet the Bedford technology was not sufficiently advanced.

It approached Isuzu at around the same time as a large number of other Japanese vebicle companies were negotiating deals with Indian manufacturers.

Other Japanese motor collaborations finalised or under negotiation in India include Suzuki, Toyota, Mitsubisbi, Honda, Nissan, Kawasaki and Yamaha. A variety of Indian and multinational companies are now competing for consequential component orders.

Hindustan has also finalised a technical collaboration agreement with Isuzu for an 1800 cc car engine and power train, but this bas been held up *pending* Government approval.

The power train will be used in 1985 to modernise Hioduslan's *30-year-old Morris*-based Ambassador car which is to be relaunched in January as the Contessa with the body of Vauxhall's Victor VX model sold in the UK in the late 1970s. Problems in delivery of components for the Contessa has delayed the launch of the new-bodied car, which will sell for about Rs 90,000 to Rs 100,000 ($9,000-$10,000).

The price is inflated because Hindustan has to pay duties of about 160 per cent on imported parts.

Cuba buys 60,000 tonnes of Trinidad wire rods

BY CANUTE JAMES IN KINGSTON

CUBA HAS bought 60,000 tonnes of wire rods from Trinidad's state-owned steel mill. It is the largest single order ever received by the company, which started operations two years ago.

The Cuban order comes after the mill, the Iron and Steel Company of Trinidad and Tobago (Iscott) was hit by e U.S. Commerce Department ruling upholding appeals from five U.S. steel producers which claimed Trinidad was dumping on the U.S. market. The company last year shipped over 56,000 tonnes nf wire rods to the U.S. making it the country's largest single supplier.

There was no indication of the price or supply schedules agreed between the company and Cuba, although industry *officials* have *suggested* thot *the* price would be close to that at which the company had been selling on the U.S. market.

The U.S. Commerce Department found that *Trinidadian* steel was being sold at "10 per cent below fair value."

The agreement on steel has created the basis for further agreements between Trinidad and Cuba. A trade mission from Havana is to visit Trinidad soon to discuss possible puc*chases of Trinidadian petroleum* and fertilisers.

India mounts drive to buy arms from West

NEW DELHI — India is mounting a major arms-buying drive in several Western conntries, Mr Ramaswami Venkataraman, the Defence *Minister* said *yesterday*.

The Press Trust of India (PTI) news agency quoted bim as saying India's purchases would *include* more Sea Harrier naval aircraft from Britain for its aircraft carrier Vikrant. Eight Sea Harriers have already ceplaced the Indian navy'a ageing Sea Hawk fighters.

Mr Venkataraman did not say bow many more Harriers wonld be bougbt but PTI quoted officials as saying the number would be aronnd 12.

The Minister said India was also acquiring British Sea Eagle belicopter - launched *missiles and talks were taking* place on possible purchases of British ship-launched missiles.

Mr Venkataraman returned yesterday *from a* two-week trip to France, Britain, Sweden and Austria and said those countries had agreed to provide technical assistance to help India develop advanced weapons.

K. K. Sharma adds: The talks in France were on the possibility of transfer of technology to India for the manufacture *of* Mirage 2000 fighters. Forty bave been ordered by the Indian aic force for purchase in fly-away condition.

India recently decided to terminate the Mirage deal at the stage of the purchase of the 40 aircraft but has been under pressure from France to revive the original pro*posal for* manufacturing the Mirage 200 nnder licence, and otiraetive terms have been offered.

There is as yet no change in plans. Talks have been resumed on the original proposal abandoned when Russia made a higbly-attractive offer on the latest generation of Mig fighters.

● Venezuela bas received the first six supersonic F-16 fighters of a flotilla of 24 oircraft which will convert its air force into the most mndern in Latin America, AP adds from Caracas. The F-16s, purchased at an estimated cost of $615m (£410m), have caused an internal polemic, and negative reaction from neighbouring Guyana

Jurek Martin examines a break in Japanese solidarity on agricultural protectionism

Why Japanese pay such high prices

THE HEADLINES in the local newspapers this week—"Japanese agricultural price subsidies twice that in Europe"—were not, at first blush, exceptional.

Closer reading elicited the surprising fact that the stories beneath the headlines were not about the latest foreign onslaught on Japanese protection of its forming sector but *focused on an intriguing* comparative study done by two Japanese university economists specialising in agriculture.

The issue of agricultural subsidies generates sparse internal debate, largely because of the lock on political power enjoyed by the influential farm co-operative lobby and the ruling Liberal Democratic Party, a position cemented by an electoral system weighted in favour of the rural voter.

Industrialists sometimes suggest that trade frictions could be eased by lowering the barriers to foreign farm produce. The agricultural lobby counters by hacking restraints on the exports of manufactured goods. Bnt tbe sum of the exchanges often appears no more than ritualistic.

The Japanese consumer, who pays a high price for food—the domestic prire of rire, for example, is *four* times world levels—tends not to complain.

There are complex reasons for this, of which perhaps national acceptance of tha need for *food security and* a desire to preserve agriculture in something opproximating its traditional form are the most often odvanced.

What is missing, in the view of Prof Yujiro Hayami of the economics faculty of Tokyo Metropolitan University, is an awareness of bow mucb more the Japanese public is paying for farm subsidies than are other Western consumers.

Hence the study published this week jointly with bis colleague, *Mr Masayoshi Honma*, and brought out under the auspices of the Forum for Policy Innovation, a loose grouping of academics committed, in Prof. Hayami's words, to "moderate liberalism," and assisted financially by a handful of Individual industrialists.

The nub of the report is in the accompanying table, showing that only Switzerland provides greater assistance to its agricultural sector than Japan.

The basis for comparison is the price-support ratio (PSR) calculated by subtracting the value of agricultural output in international prices from the value in domestic prices and dividing tbe remainder by the value in domestic prices.

This achieves the ratio otherwise known as tha Nominal Rate of Protection. The survey covers 13 products—six grains, five livestock and two vegetables—which account for 70 per cent of total Japanese farm production.

Th most significant conclusion is clearly that since 1970 Japanese agricultural protection in value terms bas actually been rising, whereaa in the rest of the industrialised world the trend has been down.

The 1975 figures are an aberration explicabla by the surge in global food prices at the time. The comparison with the EEC as a bloc is particularly stark: in 1955, Japan's PSR of 15 per cent was well below the Community's 23 per rent, but in 1980 Japan's 45.5 pec cent comfortably exceeded the EEC-wide average of 26 pec cent.

Yet in that time span, and particularly in the 1970s, Japan actually dismantled some of the protective barriers around its farm sector.

Japanesa agricultural protectionism is more heavily weighted towards grains than livestock—66 per cent and 29 per cent in PSR terms respectively, against 18 and 29 per cent respectively in the Community.

However, Japanese support levels foc beef and dairy products have recently been rising fast and in some cases exceed EEC levels.

The Hayami-Honma report is careful not to make value judgments on the *merits* or otherwise of agricultural protectionism. It notes, for example that the rapid increase in *Japanese subsidies* between 1955-70, the period of the country's great industrial expansion, undoubtedly helped ease the social and political pressures.

But, in en interview, Prof Hayami emphasised that, in his view, the level of Japanese protection has "foc some time been more than optimum," probably since about 1970.

Though be concedes that liberalising rice, the core to Japan's concept of food security, is "impossible," both *tho citrus and livestock sectors* couldl easily stand some fresb competitive air.

A key obstacle lies in the *structure of Japanese agricul*ture and the extent to which it serves the interest of the powerful co-operatives lobby. Japanese farm employment accounts foc 10 per cent of the total lobour force, but seven ont of 10 of those engaged in farming actually earn more, mostly in casual labour, from tha non-farm jobs they hold.

Yet these part-time *farmers* tend to hold on to their land, if for no other reason than that land prices are going up sharply. In such circumstances the co-operatives have effectively assumed control of agricultural development.

OECD SUPPORT FOR AGRICULTURE
Price Support Ratio*

	1955	1960	1965	1970	1975	1980
U.S.	2.3	0.9	7.6	9.8	3.8	0.t
EEC	23.3	24.3	28.1	31.6	20.8	26.0
France	23.8	18.5	21.9	30.6	21.9	22.8
West Germany	21.9	28.9	31.9	30.7	26.4	29.6
Italy	29.5	29.9	34.7	37.1	23.3	32.9
Holland	10.7	18.1	23.5	25.7	22.4	20.2
UK	25.9	25.4	15.9	19.9	5.3	24.3
Denmark	4.3	3.1	4.3	13.6	15.5	19.6
Sweden	23.8	28.7	31.7	36.8	26.8	33.6
Switzerland	34.7	35.5	39.4	45.7	46.5	53.1
Japan	15.0	29.3	40.3	42.1	42.7	45.5

* Calculated by subtracting the value of agricultural output in international prices from the value in domestic prices, and dividing the remainder by the value in domestic prices.

Source: The Forum for Policy Innovation

Loan snag 'delays A-310 delivery to Nigeria'

BY ANDREW GOWERS, RECENTLY IN LAGOS

DELIVERY of the first of four Airbus *A-310 aircraft* ordered by Nigeria Airways has heen delayed by a technical hitch in finalising a syndicated toan to finance the deal, according to the state-owned airline's Manoging Director, Mr Mobammed *Tukua Bature*.

He also disclosed in Lagoa this week that the airline is unlikely to take up an option to buy four more A-310s from Airbus Industrie, the European consortium when the current *order is fulfilled, owing to finan*cial constraints.

The first Airhus, under an order announced in 1981, was to be supplied in September, but the airline now does not realistically expect to take dellvery until early next year.

Airbus Industrie in Paris said yesteeday that two of the aircraft were to *be delivered* before the end of this year, and two in the second half of 1984, but declined to say whether there had been any delay.

The first aircraft was either nearing completion or bad already *been completed*

The problem, according to Mr Bature, centres on a $240m loan lead-managed by France's Société Générale.

Tbe loan documents are ready, but because it will carry a *Nigerian Federal Government* guarantee, the package cannot be finally signed until the Government's 1984 budget has been passed by the National Assembly. Tbe budget is currently in preparation, but is not *expected* to be presented to the Assembly before December.

Mauritius in bid to attract manufacturers

By Chris Sherwell in Singapore

A HIGH-LEVEL delegation from Mauritius is visiting Singapore end Hong Kong in a bid to ettract manufacturing investment to the Indian Ocean island and reduce its dependence on sugar exports.

The delegation is led by Sir Goetan Duval, the deputy Prime Miniater, and includes the Ministers of Economic Planning ond *of Industry, and* the country's rentral bank governor.

Maoritius has established an export processing zone offering tax and other Incentives for investors prepared to set up labour - intensive industries there.

The incenlives include free repatriation of *capital* and dividends.

Swiss engineering orders at lowest level on record

BY JOHN WICKS IN ZURICH

THE BACKLOG of orders of the Swiss engineering industry is currently at the lowest level on record. According to the Swiss Association of Machinery *Manufacturers (VSM)*, orders on band dropped to the equivalent of only 3.7 months' productions in the third quarter.

The association expresses particular concern at the "completely inadequte" order-book volume of the machine-tool industry, which declined further in the third quorter to the equal of only 4.2 *months' output*.

That of the textile-machinery sector also remained very low at 4.1 months productoin. But the VSM points out that the third quarter did not yet reflect the results of the "Itma" Fair in Milen.

Compared with the preceding three months, export orders were up by 6.6 per cent.

However, the second quarter is said to have been "especially weak," and for the first nine months of 1983 as a whole, foreign orders were down 15.4 per cent on corresponding *values for last year*. Almost 58 per cent of all new orders are currently accounted for by export markets.

The association sees no noticeable improvement in business at present.

The recession is said to have proved "broader and deeper than had in many cases originally been anticipated." It obviously needed more time for economic recovery in major *sales markets to* have a positive effective on investments.

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TECHNOLOGY

EDITED BY ALAN CANE

HUNGARIAN COMPUTER SPECIALISTS SELLING THEIR SKILL IN ARTIFICIAL INTELLIGENCE

Software from Budapest? It's logical

BY PAUL WALTON

A COMPUTER language developed in the UK for research into artificial intelligence has been refined by Hungarian scientists to the point where it can be applied commercially.

One of the first uses in Hungary was to assist economists to formulate the detailed Five Year Plan—a task which used to take as long to complete as it did to implement because of the repetitious and complicated mathematics involved. Now the time-scale has been shortened by two years. The Hungarians hope that with access to better computer hardware, compilation of the Plan could become semi-automatic.

Quality of hardware is a problem for the Hungarians, starved of the latest Western technology through trade embargoes. But this has sharpened Hungarian skills in computer programming, according to Dr Balint Domolki, head of the Budapest-based Institute for Coordination of Computer Techniques (Szki).

"This has only served to make us better at producing software, for which the only essential resource is imagination," he said in London this week.

The computer language is Prolog, whose development in the UK is associated chiefly with Edinburgh University and Dr Robert Kowalski at Imperial College, London. It has special significance because it is the language of choice for the Japanese "Fifth Generation Computiog" project, the much publicised Japanese effort to move beyond today's computer systems to the "intelligent machine."

Prolog, or PROgramming in LOGic, is a laoguage for logic processing analogous to conventional languages for arithmetic processing; just as conventional computers can be rated in millions of instructions a second (MIPS) so an intelligent machine using Prolog could be measured in millions of logical inferences a second (LIPS).

The language can be used to develop "expert systems," where the knowledge of experts in a particular field is encoded and held in a computer memory aod the answers to specific problems sought out using artificial intelligence techniques. The machine not only infers the best answer to the question but is able to explain the logical steps it has gone through to derive that answer.

"I hope we have some advantage because we started working on the practical applications of Prolog before it became fashionable" Dr Domolki said. He and some 20 other representatives of the Hungarian software community have been showing their achievements at the Hungarian Embassy this week, in the first ever exhibition of its kind by an Eastern bloc country.

Sci-L, a commercial company associated with Szki, is now marketing the Hungarian version of Prolog, called Modular Prolog (MProlog).

Day-to-day use of MProlog by Szki programmers working with specialists in other Hungarian state bodies over the past eight years has produced some 30 applications spanning everything from architecture to pharmaceutical research.

"We designed the most recent version of MProlog between 1979 and 1980, and it operates in such a way that our development of the expert system was completely separate from the expert's use of the system," Dr Domolki said, meaning that the specialist programmer — or knowledge engineer — was responsible for extracting information from the expert and building it into the system; the expert could use the system without any need to understand Prolog.

Sci-L has sold this technique in four packages which can operate on the larger IBM and Siemens mainframe computers, and on fast Digital Equipment (DEC) minicomputers using the VAX or Unix regimes: a basic academic version from $3,600; a production model for upwards of $10,000; the TProlog extension which introduces the concept of time for simulation costs $2,400; or double that amount if it is to stand-alone from the big system.

Dr Domolki said that the most exciting development was going to be the miniProlog which Szki is just beginning to develop for the smaller computers, bringing the cost of the software down to a couple of thousand dollars all-in.

Japanese micro-supplier Sord is likely to be the first with miniProlog applications on a 32-bit machine, Dr Domolki said. But the biggest coup for MProlog so far is the sale of a licence to the Japanese Fifth Generation project where it is to form the heart of their first expert systems.

British and American computer suppliers have also begun to take interest in MProlog, now beginning to be marketed abroad through Sci-L and a handful of distributors. The joint venture on expert systems between ICL and Shell is interested, and BP subsidiary Scicon is due to sign-up one of the Hungarian MProlog applications next week. Control Data and IBM are among the U.S. vendors which have recently sent senior representatives to Hungary in order to see this kind of software at first hand, and to talk about the supply of the most up-to-date hardware.

Dr Domolki said that commercial links with leading Western firms on advanced software offered the best hope of Eastern bloc countries challenging the hardware ban, and being able to use their own ideas to best advantage. Meanwhile Britain is still at least two years away from the practical application of the Prolog language which it developed.

● SORD HAS now introduced its very powerful microcomputer, which it dubs a "micro mainframe," bringing many of the features of larger machines to the desk-top.

The M685 is a powerhouse processing machine thanks to its twin Motorola 68000 chips and a very large internal memory of 512 kilobytes to 1 megabyte (Mb). It has a Unix-like operating system, Unos, which supports features such as time-sharing, context searching and transaction processing "in the background" and without the user having to do much by way of programming.

GENETIC ENGINEERING

Du Pont drug for asthmatics

DU PONT IS claiming one of the first commercial uses for monoclonal antibodies in the care of acute asthma sufferers.

A reagent to test for levels of the drug theophylline, where the dosage given is crucial to the asthmatic, has been genetically engineered by Dupont's NEN subsidiary. It is used in the company's "aca" clinical analyser in the same way as any other test pack.

What is special about monoclonal antibodies is that they can be "engineered" to react in very specific ways and in very precise circumstances.

Mr Donald Sutherland, director of the clinical instruments division at Du Pont described just how precise monoclonal antibodies can be: "It's like the difference between using a fishing net and a fishing hook."

He added that distinguishing theophylline was a prime exampla of the precision which this biotechnical technique could offer—monoclonal antibodies can be "engineered" as very precise keys to lock on to individual molecules.

Theophylline has a very similar shape to caffeine, which finds its way into the body in large quantities through tea and coffee; Du Pont claims that for the first time, the test cannot be confused by the presence of very similar molecules.

The benefits are potentially very great since asthmatics get relief from a correct dosage of theophylline, but acute sufferers need to have that level very closely defined: too low and there will be an attack; too high and there are unnecessary side-effects from the drug itself. More from Du Pont on 0101-302-774-9561.

Komatsu solar cell

A JAPANESE construction machinery-maker has claimed that it has made the world's most efficient solar battery. It would take a few years to bring it to market, it added.

The giant Komatsu group says it can achieve light-to-power conversion rate as high as 10.7 per cent for its amorphous solar battery, which is claimed to be 0.44 per cent greater than the previous high. It believes this is now enough to begin planning commercial production.

The secret is that unlike conventional solar batteries where the *amorphous silicon* layer is sandwiched between one transparent electrode and the other metal electrode, this new battery employs a rugged transparent electrode on its surface which maximises not just the quantity but also the quality of light reaching the silicon layer.

In effect, less of the light is reflected by this layer. In addition, the surface of this transparent electrode is coated with *tiny "dice-like"* bits of oxidised tin (measuring just one ten-millionth of a millimetre across) to boost refraction so that as much light as possible reaches the silicon layer below.

Computing

Horizons broaden for Apple

THE APPLE II personal computer can now be upgraded to run software using MS/DOS, rival operating system to CP/M which secured the machine's success in the late 70s.

Apple worked with start-up Rana Systems on a plug-compatible processor and memory unit which can load and run the more fashionable 16-bit programs based on Microsoft's MS/DOS way of working. It is generally accepted that bigger and faster software will be written on MS/DOS and other 16-bit operating software, with the 8-bit CP/M technique now in decline.

The Rana 8086-2 is actually a co-processor which works alongside the one already *resident in the Apple II*, and loads software from a dual disc-drive memory which can store programs up to 640K. It will be available in March next year, but as yet no price is available.

Bearing in mind IBM's support for the Microsoft way, in the shape of the PC/DOS operating system, the Rana upgrade will open up a huge software catalogue for Apple II users who have had to sit and watch all the new software being written for such popular 16-bit systems.

MANUFACTURING PRODUCTION

Common sense on the factory floor

BY GEOFFREY CHARLISH

IS IT possible that a 37-year-old Israeli physicist, asked during his Ph.D. course to improve a friend's chicken coop-making factory, has developed a systematic approach to manufacturing that will enable the West to fire back at Japan?

Initial waves of scepticism must be tempered with the fact that 50 or so major companies in the U.S., including Bendix, Ford, General Motors, General Electric and Westinghouse, have acted on Eli Goldratt's advice.

What is, in fact, being offered by Creative Output Inc., the company that Dr Goldratt formed when he went to the U.S. in the late 1970s?

At first sight the approach, which is called OPT, standing for Optimised Production Technology, appears to amount to no more than formalised common sense. For example, OPT is much concerned with the removal of bottlenecks on the shop floor. To which the average production executive would almost certainly reply: "Well, who isn't?"

There is more to it than that. According to Goldratt, bottlenecks in most plants, whether they are machines with capacities that limit throughput or are due to a shortage of specialised skills, are usually dealt with in isolation instead of in close relationship with the remainder of the process.

Bottleneck

There are other OPT edicts. For example, that the genuine utilisation of a machine which is not bottlenecked, is not determined by its own maximum capacity, but by some other constraint in the system.

There is a need therefore, to schedule all non-bottlenecked resources based on those constraints. There may, indeed, be a need to not make parts at all on such machines: the operator might be better employed doing something else, or alternatively making the parts more slowly and with greater attention to quality.

The bottleneck is just one of the sacred cows of production scheduling that OPT seeks to slaughter. There are others such as set-up time at workstations. For example, it is not often realised that an hour lost in setting up at a bottlenecked workstation is an hour lost for the whole manufacturing sequence that follows. On the other hand, an hour saved where there is no bottleneck "is a mirage."

Goldratt's theories also take a tilt at lot sizes in manufacture. If say, 20 items start out, then usually 20 items are transferred between each workstation till the end of manufacture. According to OPT, lot size should be plotted against profit, not, as is normal, against cost. The two numbers are different and in any case it can, apparently, pay to vary the batch size throughout manufacture, keeping down work in progress.

Now all these things, including plant balancing, cost accounting aspects and even the unwanted results of the well-known Murphy's Law (if something can go wrong, it will) are often dealt with piecemeal with varying levels of success in the typical factory.

Enshrined

They are not, however, often done properly, and they are not done at the same time—and that, in essence, is what OPT does. Ten major rules of the OPT approach are enshrined in an algorithm devised by Goldratt and contained in a program that can be run on IBM or Prime computers. Simulations of the production unit can then be carried out before anything is physically committed.

Before a production schedule can be derived of course, a good deal of detail has to be available, particularly with respect to the bottleneck areas. Much of this data is often already available in BOMP (bill of materials processing) systems in larger companies.

Then, it is claimed, by repetitive runs through the computer, bottlenecks can be properly identified and eventually minimised or eliminated—not in isolation but with reference to effects on the whole system of manufacture.

Goldratt's root thinking for OPT stems from the basic view of manufacture he believes all involved should share—that its purpose is not to employ people or even to make products, but simply to make money.

In that case there are only three criteria: to maximise throughput (the amount of production that has been sold), minimise inventory (the raw materials, components and finished goods that were bought but have not yet been incorporated into product and sold) and to minimise operating expenses.

In recent months Creative Output UK has been spreading the Goldratt message in the UK and Europe. David Hugill, European marketing director has been working with 15 other people from Hounslow and has just announced his first customer—one of the Lucas companies at Bryce near Worcester. He expects his next customer to be in France and is talking to others in Sweden, Belgium, Germany and Spain.

He explains that the approach has to be at a senior level and that the commitment by a company has to be absolute and company wide. He starts with an educational effort and if he gets wholehearted acceptance of the ideas, negotiates a letter of intent, carries out a survey, conducts an analysis and then arrives at a price at board level.

That price can be considerable—"usually in excess of £1m" say Hugill—but on the other hand the savings can be large. In the U.S. for example, one company reduced its work in progress by 40 per cent. And there are, after all, companies in the aerospace industries for example, with WIP easily exceeding £500m.

BUSINESS LAW

European Court on equal pay

BY A. H. HERMANN, LEGAL CORRESPONDENT, IN LONDON

FOR THE past three weeks the European Court has been churning out weighty judgments at a pace which makes a commentator breathless. At least three must be briefly mentioned. Of these, two concern equal pay, and the third the abuse of market power by Michelin.

The Court has rejected* the Commission's complaint that Italy failed to implement Council Directive 76/207 calling for equal treatment of men and women in respect of employment, training, promotion and conditions of work. The Commission thought that Italian legislation should have provided detailed rules in respect of all the requirements of the Directive, not only in respect of some, leaving the rest under the umbrella of a general rule of equality. It found the Commission's complaint to be too pedantic, and used the occasion to remind it that member states were obliged only to achieve the objectives of directives, and that it was left to their discretion to do so in the way they thought best.

The court also rejected the Commission's complaint that Italy had adopted specific judicial remedies only for infringement *of certain* discriminatory acts, contrary to the principle of equal pay and treatment. It accepted the Italian defence that adequate general and constitutional remedies were open to those who felt they had been discriminated against.

The UK did not get off so lightly in a parallel case† concerning equal treatment of men and women. Although the court rejected the Commission's complaint that the UK's legislation and training facilities preferred women to men as midwives—holding that British mothers should be allowed some freedom of choice in the matter—it came down heavily on the side of the Commission in the matter of discrimination against women in collective agreements. The UK's defence was that collective agreements were not legally binding and that to require the annulment of documents with no legal effect was rather like "beating the air."

The court pointed out that the directive required in Article 4/b the annulment of all unequal provisions in collective agreements, domestic rules of enterprises, and statutes of free professions, without making any distinction between the nature of legal effects which such provisions produced. The directive could be made effective only if it were possible to eliminate or to modify all provisions incompatible with the requirement of non-discrimination imposed by the directive. One cannot help feeling that the *court was right,* and not only in its legal logic.

It is more difficult to agree with the consequences of the legal logic applied by the court to the Commission's third complaint. This concerned the exemption from the non-discrimination rules granted in the UK to employment in households and small shops or other enterprises where the total number of employees was not more than five. The court recognised the need to reconcile the principle of equality of treatment with the equally fundamental requirement of respect of privacy. It accepted that considerations of privacy had the upper hand in domestic employment, but rejected this argument in respect of small enterprises. The judgment may require UK legislation to be amended and, failing that, may lead to enforcement of the requirements of the directive with the help of references to the European Court.

The court which, as the two preceding judgments have shown, finds it easy to maintain an intellectual independence of the Commission in cases with a human dimension, almost invariably gets lost in the labyrinthine competition law evolved by the Commission on the basis of Article 85 prohibiting cartels and restrictive practices, and Article 86 prohibiting abuse of market power.

This was again the case when, on November 9, the court delivered a half-way judgment‡ on Michelin's appeal against a Commission fine of ECU 680,000 imposed two years ago. The court reduced this to ECU 300,000, allowing appeal on two minor counts, but upheld the main contention of the Commission. This was that Michelin's Dutch subsidiary had a dominant position in the Dutch market for tyres of all sorts and abused this by granting wholesalers discounts related to the achievement of certain sales targets.

The Michelin group is the leading tyre manufacturer in the Community and is overtaken in the world market only by Goodyear. Indisputably, it has great market power because of its financial resources, research and development capacity, and a well established marketing system which makes great use of representatives keeping in direct touch with major end-users of Michelin products.

It is, however, questionable whether it can be said to have a market dominance in the Netherlands. Its market share is relatively small if tyres for heavy vehicles are taken alone and if retreads are included in the market. The Commission excluded retreads, thus arriving at a high market share. This calculation was contested by Michelin but was approved by the court. It may have concluded that Michelin had a great hold on the market simply because it was the only supplier of certain types and dimensions of heavy tyres.

The discounts granted by Michelin to distributors ranged from 34 to 37 per cent, but were not strictly linked to the *quantity* sold. Instead, Michelin agreed with each distributor sales targets, usually representing an increase on turnover achieved in previous years, or at least its maintenance in bad years, and the discount depended on achieving these targets. The agreements were made by word of mouth and although the parties usually took notes, the Commission claimed that the distributors were kept in a state of uncertainty and felt very insecure, particularly towards the end of the year, fearing that they might lose the annual discount if they displeased Michelin by ordering from its competitors.

In this the court agreed with the Commission, although it annulled the findings of the latter that the Michelin system discriminated between different distributors, and that a supplementary discount paid in 1977 to compensate tha distributors for Michelin's inability to supply required quantities of certain types of tyre was an abuse.

As always in such cases, the question whether alleged abuse affected trade between member-states (and thus fell under the Treaty prohibition) was hotly contested. The court fell back on its now stereotype but unconvincing formula that whatever distorts the pattern of competition in a substantial part of the Common Market must also affect trade between member-states. Against this militates the argument put forward by Michelin and the French Government, which joined the appeal proceedings, that Michelin's distribution system and discounts did not prevent an expansion of Japanese sales on the Dutch market.

It was their own weakness, Michelin argued, rather than its system of discounts, which prevented other Community suppliers from achieving the same market penetration.

The judgment leaves some doubt whether Michelin infringed the competition rules established by the Commission and the court in their previous decisions. More important still, it raises again the question whether these rules are reasonable. The uncontested fact that throughout the period under scrutiny Michelin was making no profit, and was possibly losing money on its sales in the Netherlands, did not, in the view of the court, contradict its market dominance. Can a supplier be considered market-dominant if it is unable to increase its prices to a level assuring at least a modest profit?

* *Case 163/82 EEC Commission v Italy, October 26 1983.*

† *Case 165/82 EEC Commission v UK, November 8 1983.*

‡ *Case 322/81 Nederlandsche Banden-Industrie-Michelin, supported by France v EEC Commission, November 9 1983.*

AMERICAN NEWS

Terry Dodsworth in New York reports on an ill-fated gamble on the gold price

Brothers behind bars as bullion bonanza busts

THE ALDERDICE brothers were businessmen with grandiose ambitions. Somewhere in their progress from hairdressers to jewellers and precious metal dealers they decided they were going to make the really big time." "Gold is the world's best investment," trumpeted Mr William Alderdice as chairman of International Gold Bullion Exchange. "I am certain we will reach our goal of being the world's largest corporation—hard work, intelligence and resourcefulness will get us there."

Today, the two brothers are behind bars in Florida, awaiting extradition to New York, where they face a series of felony charges, including grand larceny and fraud. The charges refer back to about $60m worth of funds that have gone missing in IGBE, the brothers' gold and precious metals enterprise. IGBE took in millions of dollars in cash from the general public from 1980 which was supposed to have been invested in gold. But when the balloon went up, virtually no metal at all was found in the company's much-vaunted vaults at Fort Lauderdale in Florida. The company was closed down by Florida state officials in the summer.

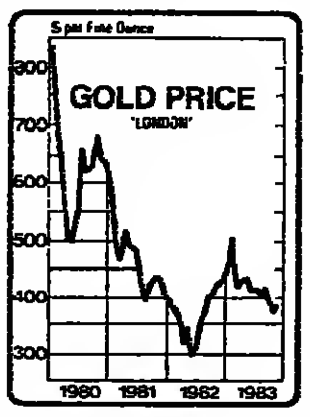
The story of IGBE is particularly alarming because it is not as isolated case. Early last month, another highly imaginative young businessman apparently committed suicide in the sauna of his luxurious Los Angeles mansion, asphyxiating himself with carbon monoxide poisoning piped ingeniously from his motorcycle. The businessman, Mr Alan Margoulis, alias Saxon, was chairman of Bullion Reserve, another short-lived company which had apparently sold non-existent gold to the public. Last week, United Precious Metals filed for bankruptcy only days after the New York Attorney General's office challenged its credentials.

The essence of the marketing technique of these companies was to sell a kind of metals future: customers paid cash on the promise that they could draw down their gold whenever they wanted. In the meantime, the company promised to keep the metal ultra-safe for them—Bullion Reserve had a particularly persuasive line about its specially reserved cavern deep in a mountain vault run by the mormons above Salt Lake City.

Unhappily for many investors, the companies began to slough off cash into other ventures: IGBE had a long list of trendy projects, including such synergistic mismatches as interior design, video and yacht chartering companies.

During a period when gold prices were falling, as they did up to August 1982, it was not too difficult to take the float, spend it one something else, and then find sufficient funds to answer the demands of those investors who wanted to see their metal. When the gold and precious metals market headed back up again, however, the game became impossible, and the companies' increasing failure to deliver brought a rash of complaints from customers and action from the Attorney-General's office.

All of these incidents have demonstrated how enormously gullible the American public can be. But they raise at the



same time the question of the proper limits of salesmanship and the place of regulatory bodies in U.S. corporate life.

The New York District Attorney's office, run by an articulate and ambitious young Democratic lawyer, Mr Robert Abrams, believes that some administrative control ought to be exercised over these speculative types of ventures. Yet down in Washington, in a period of aggressive, Government inspired deregulation, there is little automatic sympathy for anyone who wants to impose new limits on business.

Mr Abrams went on the attack against the bullion companies after exposure to an even more bizarre collection of wheeler-dealers known as the boiler-room salesmen. Boiler room operations are designed to sell almost anything speculative, generally rather exotic products like rare commodities, land or oil drilling rights.

They take their names from the type of techniques used by the salesmen—unsolicited telephoning designed to generate heated excitement. Politicians on the eve of an election often use boiler rooms. But in the east coast business world they more often imply a seedy office stuffed full of telephones where salesmen work for fly-by-night organisations lent respectability only by a posh address in Wall Street.

In a celebrated case a couple of years ago, Mr Abrams nailed a team of salesmen who had been marketing tantalum, a rare metal used in high technology industries. "One salesman used to convince people that they were on to a good thing by running up the stairs until he was breathless and then panting down the telephone that he had just rushed into the office from the trading floor and thought he could probably corner the tantalum the customer wanted," recalls an Abrams aide. The Attorney-General won the case after one of the longest trials in New York history.

Mr Abram's office clearly believes that some of the new bullion and precious metals dealer organisations come from the same stable as the boiler-room operations. But the sales pitch is unquestionably more sophisticated and convincing. IGBE and Bullion Reserve abandoned unsolicited telephone promotion in favour of more expensive conventional advertising. By appearing on radio, network television and in some highly reputable newspapers, they have given themselves an aura of solid respectability.

There is also no formal way in which the public can check their credentials. In New York, for example, the Attorney General has only very limited jurisdiction over them — he eventually forced IGBE to remove the word "exchange" from its title, for example — while at national level they fall between two stools.

The Securities and Exchange Commission, which regulates the capital and financial markets, contends that these dealers are not trading in securities: and the Commodities Futures Trading Commission says that it is only responsible for regulating futures contracts, not the physical metals markets.

This reluctance from both sides is not particularly surprising at present, since they are both under some pressure from the Government, not least through cash restrictions that make it difficult to launch major new initiatives.

It is because there are so many gaps in regulatory powers at both local and national level that Mr Abrams has carried his campaign for new legislation all the way to Capitol Hill, with some success. The Senate Permanent Investigations Subcommittee, the inquisitorial body which once started the infamous McCarthy hearings, is to examine the issue under the chairmanship of Senator William Roth, a Republican from Delaware, who has already stated his strong belief that there should be some form of regulatory control over these companies. "The scandal has got so big that big business can no longer ignore it," says a cynical Abrams's aide.

Communism battles over the printed word

A power struggle led by Euro-Communists has caused sharp division in the British Communist movement. Malcolm Rutherford examines the conflict

THE 38th Congress of the Communist Party of Great Britain in London this week turned out to be a battle over Marxism Today, the party's increasingly widely read monthly theoretical journal. In the event, and rather surprisingly, the forces of Marxism Today won hands down.

That means the battle over the future of the Morning Star, the party's daily newspaper – formerly the Daily Worker – is about to start, and this could be rather more dramatic.

It is quite likely that the leadership of the Communist Party will seek to dismiss the Star's editor and deputy editor, Mr Tony Chater and Mr David Whitfield. But it is just as likely that they will refuse to go, and appeal to the courts for protection in a case that they could well win.

Membership of the British Communist Party is down to about 15,000, from a peak of about 46,000 before the Soviet invasion of Hungary in 1956, and still falling. But the party continues to have an influence beyond its numbers, in the trades unions and on the broad left – sometimes defined as any group to the left of Mrs Margaret Thatcher's Conservative Party.

The most conspicuous example of the broad left getting together this week was the appearance of Monsignor Bruce Kent, the leader of the Campaign for Nuclear Disarmament, at the Communist Party Congress.

Monsignor Kent was rapturously received and gave his own praise to the Morning Star's coverage of, and support for, the peace movement. Hardly anyone present seemed to think it unnatural that the church and Marx should be on the same platform. That was, in a way, the broad left at work.

The idea of the broad left really goes back to the popular front, such as existed in France in the 1930s. It was restated by the British Communists in the British Road to Socialism in 1978.

Roughly speaking, it means that all left-wing forces should co-operate when necessary. A central problem is that they don't and won't, even within the Communist Party.

To attend a Communist Party Congress is something of a political education. It is much more like the other party conferences than one had previously imagined – and in some ways better. There are no block votes, as at the Labour Party, and no careful weeding of resolutions, as at the Conservative Party.

It is almost excessively respectable, and if the comrades tend to address each other in code, that is no more than happens elsewhere, say at a Tory conference.

You cannot always tell in advance which way a vote will go. It had been forecast, for example, that the Stalinists would win control of the party's executive committee. They lost.

To oversimplify vastly: the present battle is between the Stalinists and the Euro-Communists, sometimes known as the "Euros" for short. The Stalinists tend to believe that the Soviet Union can do no wrong, that all socialist governments and all national liberation movements must be supported, and that nothing about the condition of the working class has changed since Marx first wrote.

The "Euros" by contrast try to look at the world as it is, and to acknowledge change. Their approach is at least as much sociological as political. They have no particular affinity with the Soviet Union and are seeking to adapt Marxism to contemporary circumstances. That is the purposes of Marxism Today as it is at present edited.

But it is not really as simple as that. There is a third force, namely the Morning Star. The paper has lately been trying to establish its independence from the party's executive. And while the party's executive committee, especially after the elections this week, has moved decisively towards Euro-Communism, the Morning Star has been moving towards Stalinism.

The paper has a legal case. It is not the property of the Communist Party of Great Britain. It is owned by a co-operative called the People's Press Printing Society (PPPS) and now increasingly regards itself as a separate entity.

It has become to some extent the guardian of the old communism, though some Stalinists disapprove even of that because they think that the party newspaper ought to be directly controlled by the party.

The PPPS recently said it would regard any future meeting with the party's executive committee as being "one between two bodies of equal and autonomous status," which is heresy to the Stalinists and the "Euros" alike. To cap it all, the paper's staff is internally divided.

The results of this week's party congress have at least nominally put the "Euros" in power. Yet it is a power that will be difficult to exercise. For the PPPS is determined to resist and is not easily open to allowing its opponents to buy shares in the co-operative.

It has suggested that it should acquire a new printing press and become the commercial printer for the trades union movement in general and even for the British Labour Party if it went ahead with its plan to publish a national daily paper broadly in sympathy with Labour's views.

It might even take on any other commercial printing work available in order to make money.

Some of the Euro-Communists doubt whether such a plan is remotely feasible, given the PPPS's lack of commercial success in the past and the absence of journalistic flair in the Morning Star.

They suspect, though they cannot prove, that the Soviet Union has promised a certain amount of money to keep the Morning Star going regardless, as the bastion of old-style British Communism.

That would be difficult, but not impossible. The paper's circulation is down to about 30,000, half of which is disposed of in Eastern Europe.

The cover price may soon rise to 30p for not more than 10 pages a day and it is, as even many Communists admit, a less than sparkling product. But it is a symbol which could be kept going, even if it scarcely sells.

Ideally, what the Euro-Communists would like to do would be to throw out the editor and deputy editor and to turn the Morning Star into a daily version of Marxism Today. It might even become the left-wing newspaper that the labour movement has been calling for.

Some of the "Euros" would also like to borrow an idea from the Labour Party and expel half a dozen or so of the Stalinists from the Party, rather as Labour eventually kicked out a few of the leading subscribers to the Militant Tendency.

There were quite strong threats at this week'a Congress that that could happen.

Still, Marxism Today has its vulnerable points, and the Stalinists could fight back. Another communist journal, Focus, contained contributions from Party members of all sects just before the Congress. Among the criticisms of Marxism Today was the view that "It has long since ceased to have any but a nominal connection with Marxism or with Communist Party policy."

Nor is this wholly inaccurate. The problem with Marxism Today is that it is a brilliant analytical journal – perhaps the best on the British scene – but it has not yet reached any conclusion about where it is going.

Mercury to be sole BT competitor for next seven years

BY PETER RIDDELL, POLITICAL EDITOR

MERCURY Communications, the private sector consortium, will be the sole competitor to British Telecom (BT) in providing basic nationwide telecommunications services for the next seven years.

Mr Kenneth Baker, the Minister for Information and Technology, announced this yesterday as part of a major statement on the competition policy for telecommunications.

His statement was partly intended to counter critics, including some Conservative MPs, who have argued that there has been insufficient emphasis on competition in telecommunications. The latest proposals have the personal backing of the Prime Minister who has been closely involved in discussing the subject.

The Government's aim is that over the next few years a single strong competitor to BT should be created, in the form of Mercury, rather than a series of small rivals as has happened in the U.S. The state-owned BT is due to be privatised next autumn.

Mercury, which competes with business communications, is a joint venture between Cable and Wireless, British Petroleum and Barclays Merchant Bank. The bank, however, has announced its intention to dispose of its own stake.

Mr Baker, giving his statement at the committee stage of the Telecommunications Bill, said that Mercury needed time to install and formulate its national network, partly because its investment would not yield a return for a long period. Similarly it would be wrong to license a multiplicity of operators in any one area to install overhead wires or to dig up streets.

He said it would be impracticable, from a radio spectrum point of view, to license more than two national networks at least for some time. "To avoid uncertainty," he said, "the Government has now decided to make it clear that it does not intend to license operators, other than BT and Mercury Communications, to provide the basic telecommunications service of conveying messages over fixed links – whether cable, radio or satellite – both domestically and internationally during the seven years following this statement. The position will then be reviewed."

Mr Baker discussed the possibility of the future "resale" of leased circuits. He said that the Government had decided to explore the scope for reducing restrictions imposed on the use of circuits leased from BT and Mercury.

The Government expects to reach conclusions early in 1984 on the possibility of allowing group use of inland leased circuits, including the sharing of spare capacity on such circuits and some easing of the restrictions on the interconnection of leased circuits and the public switched networks.

● The Post Office Engineering Union (POEU) yesterday started to scale down its industrial action against the privatisation of BT. About 1,000 members are returning to work. But BT warned the union that it might still take legal action if necessary.

Mr Michael Bett, BT board member, said legal action had become a stronger possibility since Mercury Communications succeeded in winning an injunction against the POEU. The union had been refusing to connect Mercury to the BT network as part of its campaign against privatisation.

Output rises 2% but recovery fragile

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK NATIONAL output grew by 2 per cent in the first nine months of this year, compared with the same period of 1982, according to official figures published yesterday. But separate figures for investments and stocks in the three months to September suggest that the recovery is still fairly fragile.

Total investment has been growing only slowly since the low levels reported at the beginning of this year and actually fell slightly in the second quarter.

Perhaps more worryingly, it appears that companies have been engaged in a further round of running down stocks in the third quarter of this year after some modest rebuilding of stocks in the first three months of the year.

Wholesalers and manufacturing companies, particularly, seem to have cut their stocks, although there was some slight increase in the stocks held by retailers.

Provisional figures from the Department of Trade and Industry suggest a total fall in stocks of £665m at 1980 prices in the third quarter, after a fall of only £90m in the first half. By comparison, in the dip of the recession at the end of 1980, stocks were falling at the rate of about £1bn per quarter at 1980 prices.

The provisional estimate for investment by manufacturers, construction, distribution and financial companies in the third quarter was £3.8bn, an increase of about 1 per cent, compared with the level in the previous quarter. In the last six months, capital expenditure by these industries was running at a level of about 1½ per cent above that in the preceding six months.

However, the total investment figures for the second quarter, issued for the first time yesterday, showed a total of £5.835bn, the lowest figure since the onset of the recession. This total was about 1½ per cent lower than the figure for the first quarter.

Falls in investment between the two quarters occurred in the vehicle industry, transport and communications and in energy and water supply.

The Central Statistical Office's estimate for the third quarter's gross domestic product on the output measure showed a 1 per cent increase compared with the level in the second quarter of 1983. This followed little change between the first and second quarters.

There is confusion about the correct interpretation of these figures, as there has been a wide discrepancy between the measurement of national output and of national expenditure and income.

In economic theory, these three measurements should all be the same. However, the difference between them has been recently of the same order of magnitude as the growth rate for the economy.

Car workers continue Rolls-Royce strike

BY NICK GARNETT, NORTHERN CORRESPONDENT

ROLLS-ROYCE Motors' labour difficulties deepened yesterday when a mass meeting of the company's 2,800 manual workers at Crewe, Cheshire, overwhelmingly rejected its latest pay offer and decided to continue on strike.

The strike has already lasted four weeks and the company has lost production of 172 cars with a showroom value of £10m. Rolls-Royce has warned its workforce by letter that the strike will make certain a loss for the second year running and that a continuation of the dispute could lead to permanent damage for the company.

The company has made a 4 per cent offer on basic pay, which has been accepted by clerical staff but rejected by manual workers. The company has not expressed its new offer in percentage terms. The latest proposals, made on Wednesday, added an extra £1.50 per week from January, in exchange for the ending of an output bonus scheme. The company say the scheme was virtually defunct.

Yesterday's mass meeting was the first to be held during the dispute. The company had made it a precondition of the new offer that it would be put to the workforce with no recommendation by union officials.

Money supply increases

BY ROBIN PAULEY

THE BANK of England yesterday confirmed the sharp rise in money supply in the four weeks to October 19, ruling out for the time being any further cut interest rates.

The narrow measure of money, M1, which includes notes and coins plus immediate access bank deposits, increased by 1.5 per cent during the month. The wider measure M3, which also includes time bank deposits, rose by the same amount.

Private sector liquidity, PSL2, which is the widest money measure and includes building society deposits, increased by 1 per cent during the month.

All three aggregates have a target range for annual growth of between 7 and 11 per cent. Sterling M3 is just approaching the upper limit, with an annualised growth rate since mid-February of 10.8 per cent. The other two aggregates have now overshot the target. M1 is growing at an annualised 12.7 per cent and PSL at 13.1 per cent.

The central government borrowing requirement increased to £1.18bn in October.

UK NEWS: ANALYSIS OF AUTUMN ECONOMIC STATEMENT

DEFENCE

UK will end pledge to Nato on spending rise

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN will not continue its pledge to its Nato allies to increase its defence spending by 3 per cent a year in real terms after the current commitment ends in March 1986, Mr Michael Heseltine, Defence Secretary, confirmed yesterday.

Next year's defence budget, however, despite being pared by nearly £300m on estimates published earlier this year, is still expected to show a real growth of some 3.5 per cent over the current year 1983-84. The subsequent year, 1985-86, is also expected to show a similar growth, although so far no revised figures have been published.

In elaboration of the Chancellor of the Exchequer's autumn statement yesterday, the Ministry of Defence (MoD) published figures which show spending of £17,008m for the financial year 1984-85: This compares with last February's estimate of £17,290m. It includes unchanged expenditure of £684m for the Falklands.

Ministry officials say the slight discrepancy with figures published by the Treasury largely relates to provisions made for the Royal Ordnance factories. They claim that with technical adjustments, partly due to the fall in inflation, the real cut in the budget for next year is only £168m.

Figures for subsequent years will only be published early next year, but yesterday in o briefing for defence correspondents Mr Heseltine acknowledged that in the review of recent weeks, the Government had decided that the commitment to increase defence spending by a real 3 per cent a year after 1985-86 could not be continued. The commitment – not honoured by most Nato countries – was made in 1977.

Mr Heseltine made a point yesterday of emphasising that the commitment would continue until 1985-86 and that with the Falklands, Britain would have increased defence spending by 21 per cent in real terms between 1978-79 and 1984-85.

If Falklands expenditure is excluded, the rise is a more modest 16 per cent.

Mr Heseltine confirmed yesterday that spending on the Falklands would continue to be afforded in addition to the "normal" defence budget, although precisely how that is to be achieved was left unclear.

This is partly due to major changes which the MoD appears to have agreed to make to the manner in which increases in its budgets are calculated.

It would appear that, in future, the MoD is to determine "real" increases in its budget in "cost" rather than in "volume" terms. Volume is calculated by dividing the cash spent by the rate of inflation which *is held to apply specifically* to defence equipment.

Until recently this was some 2 percentage points above the rate of inflation in the economy as a whole. Cost terms, which usually give a small figure, are found by dividing by the inflation rate which applies to the whole economy.

Mr Heseltine and his officials put a brave face on these changes yesterday. While refusing to give any figures, the minister noted that a special defence deflator was of much less importance now than in years of high general inflation. He believed the discipline of operating on the same strict cash limits as the rest of the economy would bei beneficial to defence, while it was not desirable to let everyone know that they were on an inflation escalator.

FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT

(£ bn at 1980 prices, seasonally adjusted)

	Consumers' expenditure	General government consumption	Total fixed investment	Exports of goods and services	Change in stocks	Total final expenditure	Less imports of goods and services	Less adjustment to factor cost	Plus statistical adjustment	Gross Domestic Product at factor cost	GDP index 1980=100
1979	137.9	47.6	41.0	63.3	2.5	292.8	59.9	31.0	1.0	203.0	102.7
1980	136.9	48.4	39.3	63.2	−3.2	284.6	67.7	30.9	1.8	197.0	100.0
1981	137.1	48.3	35.6	61.9	−2.7	280.2	56.3	30.0	0.5	194.4	98.4
1982	146.9	49.0	37.6	62.8	−1.0	287.2	58.0	30.9	−0.4	198.0	100.2
1983	144.0	50.3	38.6	63.1	0.6	296.6	01.0	31.8	−0.3	203.6	103.0
1984	147.6	50.8	40.2	65.7	2.0	306.3	64.2	32.8	0	200.3	105.9
1982 first half	68.4	24.4	18.5	31.6	0.3	143.1	29.5	10.4	0.3	98.5	99.7
second half	70.4	24.7	19.1	31.2	−1.3	144.1	28.5	15.6	−0.7	99.4	100.6
1983 first half	71.4	25.1	19.0	31.5	0.7	147.7	30.1	15.8	−0.6	101.2	102.4
second half	72.6	25.2	19.6	31.6	−0.1	148.9	30.9	16.0	0.3	102.3	103.5
1984 first half	73.1	25.3	20.0	32.5	0.9	101.8	31.7	16.2	0	103.9	105.2
second half	74.5	25.5	20.2	33.2	1.1	154.5	32.0	10.6	0	100.4	106.7
% changes:											
1981 to 1982	1½	1½	6	1½		2½	3	3		2	2
1982 to 1983	3½	2½	2½	½		3½	5	3		3	3
1983 to 1984	2½	1	4	4		3½	5	3		3	3

GDP figures in the table are based on "compromise" estimates of gross domestic product, reflecting the past average movements in constant-price expenditure, output and income estimates of GDP. Percentage changes are calculated from unrounded levels and then rounded to half per cent. Totals in £bn may not add, due to rounding. Figures beyond the first half of 1983 are forecasts.

ENERGY

Industries to provide additional £462m

BY RICHARD JOHNS

ENERGY, the last sector to which the Chancellor of the Exchequer turned his attention in the strenuous bid to contain the budget, will provide an extra £462m in revenue from the electricity and supply industry, the British Gas Corporation and, marginally, the British National Oil Corporation (BNOC).

Taking into account the National Coal Board, the sector's net deficit for the Treasury has been reduced from £733m to £259m.

As expected, Mr Lawson has leaned most heavily on the electricity supply industry, increasing its negative external financing limit, or the contribution to the exchequer demanded of it, from £43m in 1983-84 to £740m in 1984-85.

He said nothing about the rate of return on current cost assets, 1.4 per cent for the current financial year, which the Treasury intends to lay down for the industry.

Thus, the Electricity Council, the umbrella organisation grouping the Central Electricity Generating Board and the area boards responsible for distribution, was unable – as well as unwilling – to say last night what the new guidelines would mean in terms of a price rise when the current freeze ends at the end of 1983-84.

The electricity supply industry was hopeful of keeping tariffs stable until the end of next year, and enhancing its competitive position in the process. Yesterday the undoubted anger of its leaders was muted. They clearly intend, if they can, to force Mr Lawson to issue instructions about necessary price increases, and place the onus squarely on him.

After a long meeting yesterday, the Electricity Council limited itself to a brief statement: "The external financing limit set for the electricity supply industry of £740m is higher than we expected or would have wished. It is now for the industry to work out how the limit can be achieved and what it may mean for tariffs for 1984-85. It is, however, hoped that through continued improvements in productivity and efficiency any increases in prices will be less than the rate of inflation."

For British Gas the negative external financing limit has been raised from £43m to £100m. No rate of return target for it was announced yesterday. Indeed, the corporation is still awaiting one for the present financial year.

There was speculation that Mr Lawson might make an announcement about the gas levy paid by British Gas, hitherto at a rate of 4p per therm, which in 1982-83 amounted to £470.5m. In addition, corporation tax at a 52 per cent rate provided another £666.6m.

With these uncertainties unresolved, British Gas was not prepared to make any comment last night. It was planning an increase in tariffs, from the beginning of 1984, below the rate of inflation and of not more than 5 per cent. It is believed that the corporation could still limit it to no more than that within the tighter margins imposed upon it.

Unlike the electricity supply industry, British Gas was evidently not unhappy with the compromise worked out between Mr Lawson and Mr Peter Walker, Secretary of State for Energy, before the public expenditure review was announced.

As for financial targets, Sir Denis Rooke, the corporation's chairman, is known to be concerned that it should be for a four-year period to assist with long-term planning. Be will probably have to settle for a shorter two-year period.

INDUSTRY

Aid to be trimmed by £60m

By John Lloyd

THE CHANCELLOR of the Exchequer clipped £60m off the Department of Trade and Industry's £1.411bn provision made in the public expenditure White Paper (policy document), reducing the 1984-85 provision to £1.351bn.

It is not, apparently, a good start for Mr Norman Tebbit, the new Secretary of State. But, when examined more closely, the cut is neither deep nor traumatic and has been handled to accord with the department's priorities.

The cuts will come from regional development grants and from some company aid programmes. They reflect a lower than expected call on resources by the state-owned car company BL – although by how much the department is not yet ready to say.

Companies are not taking up the regional and special grants at the same rate as they did a year or so ago: the estimated provision for regional grants for 1984-85 had already been reduced by more than £130m in the last public expenditure White Paper.

BL is looking better than it did: it declared a trading profit in September. Of the £200m assistance made available to the company in February, only £90m has been drawn.

The decreased demand from companies for special aid could be a worrying trend, indicating that companies are not investing. However, the increases in expenditure in government support for industrial research and development reflects a reordering of priorities, towards support for new technologies, which has been visible for some months.

STATE ASSETS

BT sale may be staggered

By Barry Riley

THE GOVERNMENT'S revised target of £1.9bn for special sales of assets in the next financial year implies that the receipts from the privatisation of British Telecom (BT), which is scheduled for next autumn, will be spread over a protracted period.

It is likely that Enterprise Oil, the company being formed out of the offshore oil interest of British Gas, will be worth rather more than £400m when it is floated, possibly early in the financial year.

Allowing for possible smaller items, this would leave rather less than £1.5bn to be raised through the sale of BT. But it has been estimated that 51 per cent of BT might well be worth about £4bn.

This valuation is highly conjectural and the Treasury may be basing its revenue projection on a conservative estimate. There have been suggestions that such a large issue should be phased over as many as three years to cushion the impact on the stock market.

For the current year, the target for asset sales remains at £1.25bn, to which it was raised in July. At the time of the March budget, £750m was planned – the increase being the disposal of BP shares last September. This brought in £540m. Another £293m was received as the final instalment on Britoil shares sold in November 1982.

The Government is due in this financial year to dispose of part of the Wytch Farm oilfield in Dorset, an interest held by British Gas. This could yield about £80m.

There would remain £340m, which could be broadly covered by the expected disposal of about half of the Government's remaining 45 per cent stake in Cable and Wireless.

STATE INDUSTRIES

Higher finance limit for coal board

BY ROBIN PAULEY

EXTERNAL FINANCING limits (EFLs) for nationalised industries have been reduced by £868m for 1984-85 to £1.882bn. The main share again goes to the National Coal Board (NCB), which is one of only four industries which have increased requirements.

Other industries requiring increases are British Steel, British Shipbuilders and the Civil Aviation Authority, although all are minor in comparison to the NCB, which remains the only industry with a limit of more than £1bn. For 1984-85, the expected limit is £1.1bn to be split between social, deficit and operating grants and borrowing for investment.

The high level of the NCB's financing limit is an indication of just how much needs to be done in the industry before the Government can begin to consider privatising any part of it. If it figures in the Government's plans at all it is at the bottom of the list with the longest time scale – up to 16 years or more hence.

For lossmaking nationalised industries such as British Rail and British Steel, the setting of the external financing limit is always a matter of some tension as a combination of worsening trading positions. Reduced EFLs inevitably raise the questions of more cuts and closures.

British Railways Board has fared better than it might with a limit of £936m, although it is not clear what the public service obligation ceiling within the limit is for 1984-85.

Mr Nicholas Ridley, Transport Secretary, said the figures reflected the high priority attached by the Government to capital investment to modernise the country's infrastructure. Although the railway EFLs set demanding targets, "there should nevertheless be scope for investment in railways to increase, given continued improvement in their performance," he said.

The figures reflected the increased profitability of British Airways (BA) which has had an exceptionally good year, he said. In the spring White Paper (policy document) it was forecast to need a financing limit of £5m in 1983-84. This was reduced in July to £1m.

In 1984-85 the airline is expected to make a net repayment of £160m, reflecting the airline's claim that the company has been turned round and is profitable and ripe for privatisation, but there remains the problem of £1bn of debt.

In any case the Government has decided it must take second place to British Telecom, which looks equally good in the financing limits table. In the spring, the forecast repayment for the present year was £96m, raised to £117m in July and increased for 1984-85 to £250m.

Beleaguered British Shipbuilders has had its limit raised again from £150m in the spring to £158m in July and to £175m for next year. The figure is provisional, however.

Rising profitability at the Post Office is reflected in a forecast increased net repayment of £52m.

Disappointment about the reductions in many of the external financing limits from nationalised industry chairmen is likely again to focus on the extent to which the Government has not chosen further to stimulate economic activity through the industries.

The Government has never been overly impressed with this argument, not least because the nationalised industries and public corporations, such as local authorities, have tended to underspend on capital investment while spending heavily on current expenditure through spare capacity and high manpower ratios.

OVERSEAS

World trade recovery under way

BY OUR ECONOMICS STAFF

A VIGOROUS rise in activity in the U.S. is not being matched in other countries. In parts of Europe, within Opec and many of the developing countries, activity and imports have fallen as they adjust to international or national debt problems.

World trade is only now beginning to recover after a fall in the last two years.

Inflation rates have declined appreciably over the past two years, with commodity prices falling throughout most of last year.

Although some commodities have recovered strongly this year, the effect on the UK economy has been fairly muted. While spot market rates, which enter into some of the most widely-quoted indices of commodity prices, have risen rapidly, there has been less impact on the prices at which most trading has taken place.

Oil prices have also been fairly steady since the fall early this year. Import-prices, although rising faster than domestic costs, have not provided strong upward pressure on prices charged by domestic producers.

Recovery in the world economy and recent improvements in UK industry's competitiveness are expected to lead to a growth in export volumes.

Exports of industrial goods and services are all projected to increase. But with North Sea oil production approaching its peak energy exports are forecast to remain broadly unchanged from recent levels.

FORECAST FOR WORLD ECONOMY

(Percentage changes on a year earlier)

	Average 1975–82	1981	1982	1983	1984
GNP*	6	2	−½	2½	3½
Prices* (consumers' expenditure deflator)	8½	9	7	5	6
World trade in manufactures (weighted by UK markets)	4	3½	−2	−1	5

* Major six countries (U.S., Japan, Germany, France, Italy, Canada)

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Shell—a victim of corporate culture

SHELL's strategic planners are a lucky breed. Unlike their counterparts in many other companies they have won widespread respect and "clout" among top executives and line managers for the way they have helped the giant oil group grapple with the world's new-found problems of low growth, cut-throat competition, political instability, and all-round uncertainty.

Yet Shell's chemicals subsidiary continued to invest heavily right into the late 1970s, particularly in giant plants—thereby only adding to the industry's overcapacity and its own losses.

"It was a major, strategic failure," says Leslie Dighton, managing partner of the Corporate Consulting Group, a London-based consultancy which specialises in giving strategic advice to top executives. Shell Chemicals' action was "wildly discordant," not only with some of its competitors (who slashed their investment, turned to smaller plants, or did both), but also with the realities of the business environment.

The key problem, says Dighton, is that in spite of the proven force of all the planners' work — notably "multiple scenarios" and "option planning" — and despite their influence on a number of Shell's divisions, they had failed to penetrate the corporate culture of the chemicals company.

Even in the late 1970s, Dighton claims, the company still clung to an outdated "paradigm" (subconscious pattern of thinking) in which:

- the petrochemical industry "always grew faster than GDP";
- profitability was a function of scale economies in production;
- changes in the outside world were merely shifts in a basically stable pattern;
- plant investment decisions were taken by engineers.

This is just one of several graphic examples which Dighton uses to ram home his argument that it is often impossible to alter a company's strategy without first changing its culture — which he admits is an exceedingly difficult task.

A long-standing consultant for the likes of Shell and U.S. General Electric, he has been grappling for years with the complexities of corporate culture. For much of that time his work has been hidden by the myriad of U.S. consultancies which offer all kinds of techniques to increase the sophistication of strategic analysis.

But suddenly, corporate culture is in high fashion. Tired of over-intricate matrices and graphs, and at last aware that implementing a new strategy is far more difficult than formulating it, top executives on both sides of the Atlantic are flocking to learn how to "get back to basics" — in the way they manage, as well as in the construction of their business portfolios. Thanks in particular to the million-selling book "In Search of Excellence,"* with its "keep it simple" message from two McKinsey consultants, a new industry of "culture consultancy" has been created.

Over the last few weeks, Dighton has himself been advising many of the consultants and business academics who are rushing to join the new fashion. At Business Week's European Planning Conference in London in mid-October, and at the Strategic Management Society's annual gathering in Paris last month, he treated them to stinging criticism of the conventional planner's view of strategic change: that it is basically just a matter of making a highly sophisticated rational analysis and presenting this to the client.

Only in two circumstances was rational analysis more powerful than cultural attitudes, warned Dighton: when the company was in crisis and when a new chief executive had just moved in. The rest of the time, culture "has a massive impact on corporate strategy." More often than not, it was a negative impact.

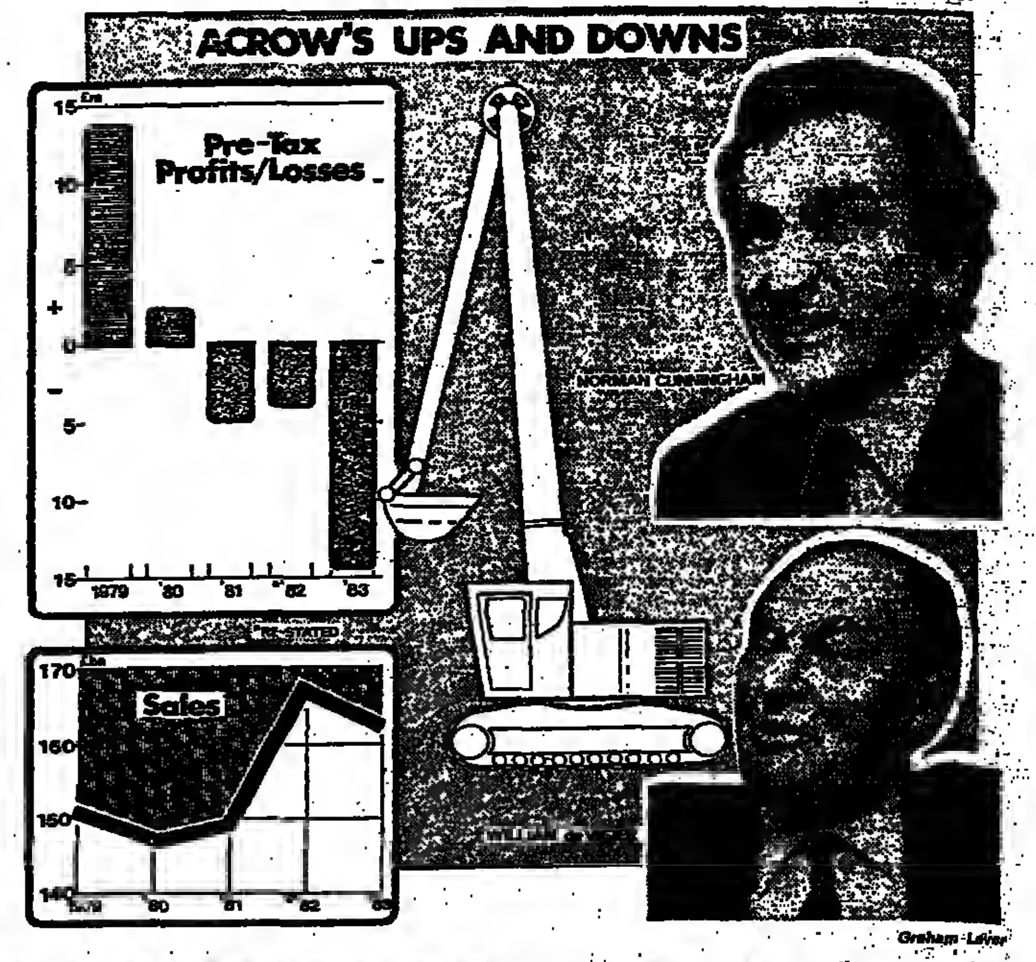
Since culture was basically an extrapolation of the past—an increasingly irrelevant and dangerous activity in today's uncertain world — planners would have to get to work on changing their company's cultures, Dighton argued. They must shift the emphasis of their attention away from the company's "environment" to its "inviroment," he said. In many cases, the chief executive himself posed a major problem: rather than being a challenger of conventional wisdom, as he should be, he was its "custodian."

* By *Thomas Peters* and *Robert Waterman*. *Harper and Row*, *£12.50*.

Christopher Lorenz

Acrow feels the surgeon's knife

Peter Bruce on the UK engineering group's turnround strategy



Graham Lever

THE ROT, it seems, set in at one of the stars of Britain's engineering industry, Acrow, early in 1972. That year its founder, and to all intents its owner, William A. de Vigier, received a telephone call during a holiday in Switzerland. The call was from the head of a London merchant bank and he wanted to know whether de Vigier might be interested in buying the Steel Group, and with it, Coles Cranes, Europe's biggest manufacturer of mobile cranes.

Acquiring the Steel Group which also included Priestmans, the excavator producer, must have been a prospect cherished by de Vigier. Beginning with a small workshop under the Bow railway arches in London in 1936 he had built up Acrow into one of Britain's biggest suppliers of scaffolding and formwork to the construction industry. Profit growth had been unbroken and he had begun, in 1960, to pick up a string of struggling "metal bashing" companies at home and had also established an array of associate companies abroad.

A number of these takeovers, like Thos. Storey, which held exclusive rights to produce the Bailey bridge, and boilermaker Adamson and Hatchett, were made because de Vigier needed to get his hands on skilled labour. But they also conformed to an established Acrow principle—make it, sell it and forget it.

Coles was different, however—an established market leader and light years away from the relatively simple engineering operations synonymous with Acrow. The deal was struck with almost unseemly haste. Within two weeks, without an Acrow executive ever setting foot in any of Steel's plants, de Vigier bought the group for £24m, some £8m more than Acrow's entire turnover for 1970.

"Suddenly he had a world leader," says Norman Cunningham, the man who replaced de Vigier as managing director and chief executive nearly two years ago. But the Coles deal had taken Acrow into new, and uncharted waters—products now had to be serviced and spares guaranteed. Even more dangerous, recalls Cunningham, "Coles was highly geared when it was bought and Acrow had to become even more geared to buy it."

Acrow, nevertheless, made record profits again in 1971-72 of £2.7m. In fact, profit growth was unbroken up to 1979, when pre-tax profits reached £14.29m. The crunch, however, came quickly.

Profits dipped to £2.71m in 1979-80 in the face of a lengthy transport strike and increasing pressure on export margins. The following year, for the first time in 40 years, the group dipped into the red, with losses of £4.9m. Losses escalated in the year ended March 31 this year to £14.1m.

Coles itself lost £10m last year and accounted for some £30m of the group's net debt of £52m, which put Acrow's gearing at an intolerable 149 per cent.

De Vigier, by then well into his sixties, had tried, unsuccessfully, to strengthen headquarters management in 1976 by bringing in Bill Jacks from Coles as group managing director. He stayed until 1979.

Take a back seat

The founder took over again but by late 1981 de Vigier had decided, almost, to retire. He approached Cunningham, then chief of Otis UK, the lift manufacturer, about the idea of taking on the managing directorship. Cunningham turned down the offer, insisting he be made chief executive and that de Vigier, who owns nearly half the voting stock in Acrow, take a back seat as non-executive chairman.

De Vigier finally relented and Cunningham, a blunt spoken Glaswegian, and Olympic class yachtsman, with a reputation for getting sick companies back on their feet, set about what he might have thought would be a relatively quick road back into profit.

For a while last year, the new chief executive paid lip service at least to the firm Acrow belief that it could sell its way out of recession. Turnover actually increased in the group's first year of loss and, by April 1982, orders were up 61 per cent on the previous 12 months.

But the robust sales dictum hid the fact that a number of Acrow companies, including Coles, were booking orders at any cost and Cunningham obviously took some time to pinpoint the haemorrhaging. Now that he has, his surgery has been dramatic.

"Bill de Vigier believed in keeping companies in boxes," he says. "My philosophy is open management. Access to me is not difficult and I want to hear the bad news."

The bad news clearly alarmed him. Acrow's debt was spread around at least a dozen banks in the UK and abroad and, mindful of how vulnerable Stone Platt had been to the banking community, Cunningham went to the banks last November with a recovery plan. "I asked them to give me a year," he says.

Broadly, the plan aims to return the group to profitability and confine it to pre-1983 borrowing limits. Gearing is being reduced by selling off under-utilised or surplus assets, closing UK and overseas companies which are not performing and by improving cash flow in subsidiaries. As a longer-term objective, Cunningham is looking for ways to refinance the group.

The Cunningham scalpel has lopped off 33 per cent of the workforce in the past 18 months, more than 2,000 jobs. Most of these have gone from Coles.

Overheads have been cut 16 per cent to £8m and inventory, worth £70m at the beginning of the 1982-83 financial year, had fallen to £56m by last August.

Cunningham has also recruited new executives at Coles, Acrow Engineers and Acrow Storage Equipment which, along with the rest of the group, operate to stringent budgeting and reporting systems. "Budgets are now sacrosanct," says Cunningham.

For the banks (from which Cunningham sought a year's grace in 1982) the most interesting element of Acrow's survival plans has involved a series of disposals designed to cut borrowing:

- Acrow Tubes, on the Acrow Engineers site at Saffron Walden, has been closed and the plant sold to the British Steel Corporation for £2.5m, with a further payment of around £1m probable next year.
- The 23.34 per cent stake in Acrow Engineers (South Africa) has been sold for around £2.1m.
- A series of plant rationalisations—Coles' Glazebury works has closed and work transferred to the main plant at Sunderland; the crane and machinery services business has been trimmed from two sites to one and work at Acrow Engineers' Wallingford, Oxfordshire, site has been transferred to Saffron Walden—leaves three properties, worth around £2.2m for sale.
- Adamson and Hatchett, the Cheshire-based process plant *sub-contractor*, is up for sale, as is Adamson Chronister Valves, of Houston, Texas.
- The group's 19 per cent stake in Acrow Australia is also attracting interest, although it is believed that a recent bid worth around £5m has been rejected as too low.

One or two companies may yet find their way on to the list of disposables, and optimists in the City believe that the successful sale of businesses and property still on the market could cut gearing back to a manageable 100 per cent. So far, however, net debt probably still stands at more than £45m.

The final part of the Cunningham rescue has involved radical product rationalisation throughout the group. In a move which he concedes must have come as a shock to the sales-orientated traditionalists at Coles, he has cut its range of cranes from 43 to 17 models. Elsewhere, Priestman's range has been pared to its two most successful models, though a novel mini-excavator has been introduced.

Will it all work? Cunningham is wary of profit forecasts, with interim results due in a few weeks but insists that in the past year, "we've done all the magic things." Analysts believe that while Acrow will produce losses for the first six months there will be some improvement on the previous half year. One stockbroker is forecasting full year losses of around £8m, with a much-improved second half.

Pre-tax forecasts, however, mask an undercurrent of optimism at Acrow and its brokers about performance at the trading level. Barring disaster, Coles itself could be trading near or at break-even by the end of the year. Acrow Storage Equipment is likely to make money over the year, as is the container business. Acrow Engineers is understood to be operating profitably.

The tricky part, refinancing, will begin in earnest once profitability seems secure. Acrow urgently needs new equity. Its non-voting Ordinary "A" shares are trading now at around 14p, well below par value, which effectively rules out a rights issue. In any case, the key to refinancing lies in enfranchising the "A" shares.

De Vigier holds 49.8 per cent of the 1.6m voting shares and has conceded, in principle, to enfranchisement.

There is irony in the fact that Acrow is now being forced to re-group around Coles cranes in its effort to survive the recession. Accounting as it does for nearly half Acrow's turnover, Cunningham probably has little option. Even in a less cautious world it would probably be as hard for him to contemplate selling the pride of Acrow's stable as it was for de Vigier to resist buying it in the first place. He makes no bones about early pressure from the banks to sell the crane maker but adds firmly: "I didn't come here to do a liquidation job for the banks. We've just got to get Coles right."

SOUTH AFRICAN INDUSTRY

Monopoly power under the spotlight

By J. D. F. Jones in Johannesburg

THE AFRIKANERS have often been in two minds obout monopolies. A 100 years ago, monopoly concessions were the basis of industrial policy in the remote Transvaal Republic, and President Kruger granted the liquor monopoly to a friend—which may make it less of a surprise that South African Breweries today has a beer monopoly throughout the country.

More recently, National Party politicians railed against capitalists such as the Oppenheimer family, caricatured as "Hoggenheimer" in tho Afrikaans Press. But the ruling party, which has traditionally gained most of its support from the Afrikaner community, set up state-owned monopoly industries, such as Iscor, the steel manufacturer, and encouraged the emergence of Afrikaner-controlled mining and finance houses.

Monopolies are once again under the spotlight. The Competition Board—which has not played a highly effective role since its formation in 1979—bas been instructed by Dr Dawie de Villiers, Minister for Commerce and Industries, to launch an urgent investigation into competition in the South African economy, and in particular to look into the "occurrence of interlocking business undertakings, directorships and employees . . . and the effect thereof on economic concentration and competition."

The question exercising South African businessmen is whether this inquiry is the first step in a campaign to check and reverse the concentration of corporate power in the country, or whether it is merely the cue for o theoretical discussion. For fairly good reasons, there has as yet been no panic in the Rand Club, where leading businessmen gather.

Significantly, the commission has been askod to "advise" rather than to "rule" on competition. The word has gone ont that its investigation is likely to be essentially an analytical survey of corporate ownership with recommendations which might tilt towards the academic rather than the practical. Nor does the Competition Board at present inspire great fear in Johannesburg boardrooms. It has not demonstrated that it carries the clout of government and last year was humiliated when the Cabinet, for manifestly political reasons, rejected major proposals for the wine and liquor industry.

Botha: "concern"

It is, perhaps, not surprising that the Government feels free to disagree with its own Competition Board, since National Party governments have over tho years created a formidable team of state-owned industrial organisations with monopoly powers in their sectors. Recently Iscor was permitted to hand control of Samancor, the important manganese producer, directly to Gencor, the mining house, without seeking alternative purchasers.

However, there has recently been concern about tho evident intensification of monopolistic structures in South Africa's (inevitably intertwined) private industrial, commercial and financial sectors. The past 12 months have seen a large number of boardroom dramas and newspapers have become expert at drawing diagrams showing when ultimate control of the companies involved can be traced back to companies and personalities.

The Financial Mail, a business magazine, recently calculated that every one of the top industrial companies is connected, by interlocking directorships, not only with each other but with the three largest mining houses, the two largest life insurance institutions and four of the five banking groups.

Three months ago, an ex-businessman and researcher, Mr Robin McGregor, calculated that just seven corporations controlled 80 per cent of the R90bn (£52bn) total value of the shares on the Johannesburg Stock Exchange. Even more dramatically, he claimed that three of these groups controlled 73 per cent. South Africa, said Mr McGregor, was "riddled with monopolies and cartels."

He claimed that Anglo American "controlled" 52 per cent of the shares, Sanlam 9.4 per cent, Barlow Rand 7.4 per cent, Anglo Vaal 3.2 per cent, Rembrandt 2.1 per cent, the Liberty Life Insurance gronp 1.1 per cent and Old Mutual 0.8 per cent. All these groups are themselves interlinked in o Labyrinthine manner. Only 4 per cent of shares on the Johannesburg Stock Exchange are in companies still under majority control of their own directors, he says.

These calculations caused great interest bere, in part because the takeover scene has been very active this year (the more so because of disinvestments by foreign companies). The complicated and dramatic events relating to the reorganisation of the Premier group, involving Liberty Life, Safmarine, SAB, Anglo and JCI have kept in the hoadlines the names of businessmen such as Premier's Tony Bloom, Anglo American's Gavin Relly, Gordon Waddell of JCI, Dick Goss of South African Breweries and Sol Kerzner (Southern Sun).

This personality element is not irrelevant. White South Africa is in this respect a very small society. As Dr De Villiers identified, interlocking directorships will feature in the Competition Board's work.

Leaders on both the government and business sides have been taking up positions on the inquiry. Mr P. W. Botha, the Prime Minister, has spoken of his "concern regarding the tendency to havo over-concentration of economic activity and power in the hands of a few large companies." Ignoring such State-owned companies as Sasol, Escom, Iscor and Armscor, ho added: "This is neither in the interest of our country, nor in the interest of private initiative."

Mr Gavin Relly, chairman of Anglo American, felt it necessary to argue that there had been o lot of "double-counting" in statistical analyses. South Africa, he said, was fortunate to have companies in the tradition of "entrepreneurs and *risk-takers*" and could not afford American-stylo rules and regulations "in a frontier economic society." In a later speech, be threw in an attack on the Government's most chorished policy, of black influx control.

Mr Frans Davin, managing director of the Old Mutual (total assets R3.9bn) added that he did not see that a concentration of power need cause monopolistic conditions — although he agreed that monopolies, if they existed, were not in the people's interest. Mr Donny Gordon of Liberty Life, who *looms larger and larger* in the financial world, argued that South Africa's exceptional economic developmenr had been largely due to the efforts of these major corporations, and that the economies of scalo they enjoyed were still insignificant in comparison with those of their international competitors.

The response to all this of Dr David Mouton, the Competition Board chairman, was placatory. He said that hig business was not necessarily oad, and he warned against irrational witchbunts against giant undertakings.

The corporation men's case will probably fall into three broad areas:

- The mining houses bave always needed massive capital bases, in comparison with which most independent companies are bound to seem tiny.
- The institutions, led by the Old Mutual, but including Liberty Life and Anglo Life, are taking in R10m-12m a day in funds which have to be employed — but South Africa's foreign exchange controls have not yet been relaxed to the point where significant sums can be funnelled abroad without complication.
- The "patriotic" theme. This starts from the position that South Africa needs strategic self-sufficiency, admits that import substitution is nudging its sensible limits, and comes through with the argument that South African business bas to be large-scale in order to compete in foreign markets. Expansion abroad, it is said, must be the next stage in the country's industrial and commercial development. (Thus Mr Kerzner recently justified bis monopoly takeover of the casinos of the whole region on the grounds that be had to be *really* hig to be able to expand overseas).

One suspects that, at the end of the day after the Competition Board has reported, all parties will accept the argument for permitting Rand investment overseas—by which time the balance of payments will have strengthened and the new rules allowing the mining bouses to hold dollars will bave settled down. The Reserve Bank may then be willing to permit o further lifting of the barriers to investment outside the country. President Kruger would not have been amused.

RECENT TAKE-OVERS

THE CONCENTRATION of South African corporate ownership in the hands of a small number of giant groups is illustrated by recent takeovers:

- Anglo American was the central figure in the consortium which took control of Premier Group (food, publishing, etc) and South African Breweries (beer, consumer goods). Amic, the industrial investment branch of Anglo American, has just stepped np its interest in Tongaat, the Natal-based diversified food and sugar group which merged with Hnletts in April 1982. Anglo took over Chrysler's remaining 25 per cent in Sigma at the beginning of this year. Amic has just revealed that it is going into electronics via Altech, the fast-growing electronics company, and Asea.
- Sanlam, the second largest insurance group, controls Gencor, the second biggest mining house. Gencor has just taken over Tedelex (consumer electronics) and acquired Samancor (ferro-alloys) from Iscor. Its Kohler subsidiary has bought the local operations of DRG and Xactics in the packaging sector.
- Barlow Rand, the industrial and mining house, gained control of Metal Box SA to merge it with Nampak. Last year Barlow bought Tiger Oats and merged it with C. G. Smith, a diversified food group.
- Old Mutual, the country's largest insurance group, despite its reputation for preferring a wide spread of smaller shareholdings, paid a high price for a majority stake in Rennies, the hotels and transport conglomerate. Rumours continue that one day OM will bid for Barlow, in which it is the principal shareholder.
- Liberty Life, the largest quoted insurance company, has moved closer to Standard Bank and was pivotal to the Premier -South African Breweries deal.
- Anglo Vaal, the smallest mining house, bought Bakers (biscuits).
- Rembrandt (tobacco, liquor) alone has been quiet —but it is sitting on more than R500m in cash.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
18	19	20	21	22	23	24

Music

LONDON

Hallé Orchestra conducted by James Loughran with Peter Katin, piano. Mendelssohn, Chopin and Shostakovich. Royal Festival Hall (Mon). (928 3191)

English Chamber Orchestra conducted by Sir Charles Mackerras with Vladimir Ashkenazy, piano and musicians of the Royal Military School of Music. Handel, Beethoven, Susato and Mendelssohn. Royal Festival Hall (Tue)

London Symphony Orchestra conducted by Myung-Whun Chung with James Galway, flute. Beethoven, Kodaly and Corigliano. Barbican Hall (638 8895). (Tue)

Philharmonia Orchestra conducted by Kurt Sanderling with Mitsuko Uchida, piano. Haydn, Mozart and Beethoven. Royal Festival Hall (Wed).

Chilingirian String Quartet Beethoven cycle. Queen Elizabeth Hall (Tue). (928 3191)

English Chamber Orchestra with Vladimir Ashkenazy, piano and conductor. Mahler, Mozart and Bartok. Barbican Hall (Wed).

London Philharmonic Orchestra conducted by Christoph Eschenbach with Justus Frantz, piano. Mozart and Mahler. Royal Festival Hall (Thur).

Academy of Ancient Music conducted by Christopher Hogwood with the Salomon String Quartet and Emma Kirkby, soprano. Mozart. Queen Elizabeth Hall (Thur).

London Symphony Orchestra conducted by Myung-Whun Chung with James Galway, flute. Corigliano and Rimsky-Korsakov. Barbican Hall (Thur).

PARIS

Ilva Ligabue recital (Mon) Theatre de l'Athenee (7426727)

Chamber Music J.-C. Pennetier, piano, R. Pasquier, violin. B. Pasquier, alto, R. Pidon, cello: Brahms, Chausson (Mon) Radio France, Grand Auditorium (5241516)

Zoltan Kocsis, piano: Debussy (Mon) TMP-Chatelet (2334444)

Pierre Amoyal, violin, Michael Rudy, piano: Mozart, Brahms, Franck (Wed) Theatre des Champs Elysees (7234777)

Orchestre de Paris conducted by James Conlon. Orchestre de Paris choir conducted by Arthur Oldham: Dvorak's Stabat Mater (Wed, Thur) Salle Pleyel (5630796)

Ensemble Orchestral de Paris conducted by Wilfried Böttcher. Jean-Philippe Collard, piano: Haydn, Mozart, Mendelssohn (Thur) Gaveau (5632030)

Recital F. R. Duchable: Bach, Liszt, Beethoven, Chopin, Dukas (Thur) Theatre des Champs Elysees (7234777).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting. Philip Myers horn. All-Strauss programme (Tue); Andrew Davis conducting. Cho-Liang Lin violin. Mercure, Sibelius, Nielsen (Wed). Lincoln Center (874 2424)

Jessye Norman: (Carnegie Hall): Recital with Phillip Moll piano. Schubert, Wagner, Duparc, Satie (Tue). (247 7459)

Musica Sacra (Avery Fisher Hall): Richard Westenburg, director. Mozart, Purcell, Jeremiah Clarke (Mon). (874 2424)

Merkin Hall: Gita Karasik piano recital: Scarlatti, Beethoven, Dutilleux, Chopin (Mon); Arnold Steinhardt violin, Victor Steinhardt piano. Beethoven, Janacek, Franck (Tue). 67th W. of Broadway (362 8719).

WASHINGTON

Philadelphia Orchestra (Concert Hall): Riccardo Muti conducting, Norman Carol violin. Penderecki, Saint-Saens, Mendelssohn (Mon). Kennedy Center (254 3776)

National Symphony (Concert Hall): Mstislav Rostropovich conducting/cello, Krzysztof Penderecki conducting, Galina Vishnevskaya soprano, Maureen Forrester contralto, John Gilmore tenor, Choral Arts Society conducted by Norman Scribner. All-Penderecki programme including the world premiere of Requiem (Wed). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting, Andre-Michel Schub piano. Wagner, Beethoven, Stravinsky, Berlioz (Wed). (435 8111)

ZURICH

Tonhalle: Stefan Askenase, piano. Beethoven and Chopin (Mon); Tomas Kramreiter, piano. Metner, Brahms and Rachmaninov (Wed); Hagen Quartet. Haydn, Mozart and Brahms (Thur).

WEST GERMANY

Berlin Philharmonie: The Berlin Philharmonic Orchestra conducted by Zubin Mehta and pianist Yepim Bronfman play Rachmaninov, Penderecki and Stravinsky (Thur).

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: The week starts with Lucia di Lammermoor, sung in Italian, conducted by Franco Masini. *Die Meistersinger von Nürnberg* is presented with Wagner specialists Anne Häggander and Siegfried Jerusalem making his debut as Walther von Stolzing. Tristan und Isolde has Spas Wenkoff and Katarina Ligendza in the leading roles. Orpheus and Eurydike closes the week. (34381)

Hamburg Staatsoper: Alexander Zemlinsky's Der Kreidekreis returns to the German stage. La Traviata, sung in Italian, features Denes Gulyas and Sona Ghazarian. Berlioz's Die Trojaner is produced by Götz Friedrich. The cast includes Karan Armstrong, Hanna Schwarz and Harald Stamm. Bach's Amadis, rediscovered by Helmut Rilling last year, has Helen Donath, Doris Soffel and Eberhard Büchner. (351151).

Frankfurt Opera: The revival of Der Freischütz has Walter Raffeiner in the title role. This week's highlight is Tosca with outstanding Grace Bumbry in the title role and Guiseppe Taddei as Scarpia. Der Türke in Italien has Gerolf Scheder excelling in the part of Selim. Manon Lescaut convinces thanks to brilliant Nelly Miricioiu in the totle role. Un Ballo in Maschera has Carlo Franci as Riccardo. My Fair Lady gives a light touch to the week. (25621)

Cologne Opera: Festival of voices with star singers, Rene Kollo, Jeannine Altmeyer, Manfred Schenk and Eva Randova presenting a Wagner programme (Tues). (20761)

München Bayerische Staatsoper: Die Zauberflöte is an August Everding production. It brings together Daphne Evangelatos, Martti Talvela and Franzisco Araiza. Manon Lescaut is worth a visit with Anna Tomova-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Ermanno Wolf-Ferrari's rarely-played Die Vier Grobiane is of respectable standard.

Berlin Opera: A world premiere of Riccardo W this month is choreographed by Valery Panov, to music by Richard Wagner, Meyerbeer, Felix-Mendelssohn and Berlioz. Soloists are Eva Rydokimova and Thomas von Cauwenbergh.

Gwyneth Jones: at the München Bayerische Staatsoper.

LONDON

Royal Opera, Covent Garden: The new Boris Godunov represents a triumph for the conductor, Claudio Abbado, and a success of more mixed kind for the producer, Andrey Tarkovsky; but the cast, led by Robert Lloyd, Gwynne Howell, Aage Haugland, and Mikhail Svetlev, is strong, and the work emerges without longueurs. The revival of Otello brings together for the first time Placido Domingo and Colin Davis. Katia Ricciarelli and Piero Cappuccilli are the other principals (240 1066)

English National Opera, Coliseum: The new Valkyrie is an uneven achievement, at best theatrically striking, at worst obscure in its visual detail and clumsy in its action. Linda Esther Gray as Brunnhilde, Josephine Barstow as Sieglinde, and Alberto Remedios as Siegmund are the strengths of the evening. The new production of The Rape of Lucretia continues the experiment with Britten's chamber operas in this huge theatre; The Tales of Hoffmann is one of ENO's perennial successes (836 3161)

PARIS

Madame Butterfly once in the original and once in the traditional version with Helene Garetti as Madame Butterfly and Christa Ludwig as Suzuki in the original version and Raina Kabaivanska as Madame Butterfly and Helia T'Hezan as Suzuki in the traditional Paris Opera (742 5750)

The Seven Deadly Sins by Kurt Weill in its scenic version and Maestro di Capella by Domenico Cimarosa with Sesto Bruscantini in the title role in both works. The National Opera Orchestra is conducted by Steuart Bedford at the Opera Comique-Salle Favart (296 0611)

NEW YORK

Metropolitan Opera (Opera House): The ninth week of the centenary season features the premiere of Pier Luigi Samaritani's new production of Ernani with Luciano Pavarotti in the title role and Leona Mitchell as Elvira, conducted by James Levine. Other productions this week include Don Giovanni with James Morris in the title role, with Edda Moser as Donna Anna, conducted by Jeffrey Tate, with La Traviata and Peter Grimes. Lincoln Center (580 9830)

New York City Ballet (New York State Theatre): The first full week of the season includes mixed programmes with works by Balanchine, Robbins and Tomasson. Lincoln Center (870 5570)

WASHINGTON

Washington Opera (Opera House): Offenbach's La Belle Helene in a new English translation by Donald Pippin has its first performance this week with Sheila M. Smith as Helene and James Schwisow as Paris in Peter Mark Schifter's production conducted by John Mouceri. The coproduction of Cosi fan Tutte with the Orchestre de Paris is conducted by Daniel Barenboim with Julia Varady as Fiordiligi, Katherine Ciesinski as Dorabella, Janet Perry as Despina and David Kuebler as Ferrando directed by Jean-Pierre Ponnelle. Rigoletto, conducted by Cal Stewart Kellogg, features Elizabeth Knighton as Gilda, Victoria Vergara as Maddalena and Denes Gulyas as the Duke of Mantua. Kennedy Center (254 3770)

Theatre

PARIS

Trisha Brown in Son of Gone Fishing, Opal Loop and Set and Reset, followed by Karole Armitage, Jeffrey Lohn in Paradise. Theatre de Paris (280 0930)

Duke Ellington's Sophisticated Ladies in a musical by Donald McKayle and Michael Smuin. TMP-Chatelet (233 4444)

LONDON

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Hay Fever (Queen's): Penelope Keith continues her reign as the Iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Noises Off (Eisenhower): Dorothy Loudon stars in Michael Frayn's comedy about the provincial run of a slapstick farce with lots of antics for a company that includes Brian Murray, Paxton Whitehead and Victor Garber. Ends Nov 27. (254 3670).

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personal's column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

Exhibitions

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

Venice: Palazzo Ducale, 7000 Years of Chinese Art. Ends Dec 31. Palazzo Grassi, exhibition of paintings by Filippo de Pisis. Ends Nov. 20

PARIS

Raphael – Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balthazar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (2615410). Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (260 3926). Closed Tue, Ends end of Feb.

Balthus – in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou, Closed Tue, Ends Jan 23 (277 1233)

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B. C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 9 1984). Closed Tue, Wed late closing night 10 pm (261 5410)

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (2615410)

Liège Modern Art Museum has lent its collection of choice items – one of Monet's first paintings and one of Gauguin's last. Also a surprising, Blue-period Picasso – to the Centre de la Communauté Française de Belgique. (Tel: 2712616), 11am–6pm, closed Mon, Ends Jan 8

The Land of Baal and Astarte. Ten thousand years of Syria's artistic development. Petit Palais (265 1273). Ends Jan 8, 10am to 5.40pm. Closed Mondays

BRUSSELS

15th Century drawings from Belgian private collections – 100 drawings including Jordaens, Teniers, van Goyen, Tiepolo, Poussin and Fragonard. Société Générale de Banque. Ends Dec 21

WEST GERMANY

Berlin, Nationalgalerie, 50 Potsdamer Strasse: 180 figurative and abstract wooden, bronze, wire and rolled-steel sculptures by Pablo Picasso. Ends Nov 27

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 175 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8

Stuttgart, Galerie der Stadt, 2 Schlossplatz: roughly 50 – rarely shown – landscapes painted in oil, water colour, or drawn by Oskar Schlemmer (1888 to 1943), the Bauhaus teacher. Ends Nov 27

Frankfurt. Städel, 63, Schaumainkai: The centenary of Max Beckmann, the outstanding German expressionist, is marked by 180 works from 1915 to 1933. Ends Feb 2.

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Manet (Metropolitan Museum of Art): Almost 200 important paintings marking the 100th anniversary of the artist's death are included in the most comprehensive Manet exhibition for nearly a century. Ends Nov 27

Kennedy Galleries (40 W. 57th): 40 American artists covering three centuries and various genres, from Copley portraits to Harnett's tromps l'oeil and Prendergast's lyrical figures, comprise a show that stretches from the Colonial period to the Armory Show of 1913. European influence is noticeable throughout, but usually with an American perspective that gained confidence and individuality with the country's development. Ends Dec 30.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Teoochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984

Hirshhorn Museum: Direct Carving in Modern Sculpture is a cleverly assembled show from the museum's own collection of works by Brancusi, Gauguin, Hepworth, Moore, and Noguchi, among others, showing the taille direct technique as revived in the late nineteenth century and used even today. Ends Nov 27

National Museum of Natural History: The Precious Legacy contains 350 secular and religious Jewish objects the Nazis preserved in Czechoslovakia for a "Museum of an extinct race", covering five centuries of gold, portraits, textiles and other crafts from the collection of the State Jewish Museum in Prague. Ends Dec 31

CHICAGO

Museum of Contemporary Art: 46 paintings of Superrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Superrealism. Organised originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22

Fanny Ardant in "Finally Sunday": *hotheaded heroine*

Cinema/Nigel Andrews

Truffaut's tango for two

Finally, Sunday, directed by François Truffaut

Cujo, directed by Lewis Teague

London Film Festival

Francois Truffaut's *Finally, Sunday* is a brilliantly playful and perverse comedy thriller. Unfolding at breakneck speed in the South of France, it's shot in black and white as if someone has brusquely turned off the tap of conventional emotional movie colour and discovered a world at once simpler, bolder and richer.

Jean-Louis Trintignant plays a squat, gnomic, palely volatile estate agent in a small town between Nice and Marseille who's suspected of his wife's murder. He hides out in the back of his office for the movie, or most of it, and gives his blessing to his lovelorn secretary Fanny Ardant, she of the coal-black eyes and beautiful gash of a mouth, who volunteers to dash about the coast trying to find out who *did* kill Mrs Trintignant

There are trawlerfuls of red herrings en route and more plot twists than you'd normally encounter in a month of mazy Hitchcocks. But it scarcely matters, we soon discover, who amid the toils of Mediterranean prostitution and crime actually *did* give Mrs T, herself a former courtesan, her quietus. (And who, for that matter, shot her lover during a duck hunt the morning of the same day.) For what Truffaut gives us, Gallicising a novel by American crime writer Charles Williams, is an irresistible two-character tango: a combination of hotheaded heroine, whose sudden passions and brainwaves invariably register about six on the Richter Scale, and a mild, quizzical hero who always seems spectacularly less than the sum of the disasters he attracts.

The secret of "film noir" thrillers is that though we require the characters to be believable when they're visible to us, when they disappear into the engulfing shadows we know that Anything Can Happen. So that, as if by stroboscopic ellipsis, we keep finding we're suddenly two jumps further forward, or intriguingly sideways, in the plot.

Finally, Sunday has marvellous Hitchcockian moments: an eerie-lit phone booth marooned in the middle of an empty square, a silhouetted fight between hero and suspected villain in a bedroom window, distantly watched by anxious heroine. And there are plumply sinister supporting performances from Philippe Laudenbach as Truffaut's unctuous lawyer and Jeane-Pierre Kalfon as the duck-shoot victim's brother.

But the film's triumph is in its speed and sleight-of-scene that keeps sliding toward surrealism. For a good half-hour of the movie, Miss Ardant, gallivanting off to Nice for the sleuthing season, doesn't even have time to change out of the principal boy costume she has donned to rehearse a Victor Hugo play (for an amateur production). When she slips off her Bogartian trenchcoat in her hotel room, she reveals 17th century tights and fluted tunic.

And later, when she idly leans against a bookshelf in a lawyer's office, the wall revolves—in best loony thriller tradition—to reveal undreamt-of depths of darkling intrigue and backroom revelation.

In its wonderful circuitous dementia *Finally, Sunday* is Feuillade and Franju caught in head-on collision—or collusion—with Jorge Luis Borges. It's also, after many soggy puddings from the erstwhile maestro of *Les 400 Coups* and *La Nuit Americaine*. Finally Truffaut again.

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The week's only other new commercial offering gives us a terrifying tale of the havoc wrought by Hollywood make-up experts on a large and pliant St Bernard dog. The pretext for this injurious act is *Cujo*, directed by Lewis Teague from Stephen King's horror novel in which a rabid canine terrorises several random individuals and one particular family in an American small town.

The lovable animal who plays our anti-hero was clearly suited by Nature to friendly acts of Brandy-carrying on remote Alps. But the film's makers, never minding about that, have daubed his features in what seem to be alternating streaks of red ketchup and yellow ketchup, have matted and moistened his hair and have then thrown him time and again, growling and frothing, at the broken-down car in which—for what seems an eternity—Mum Dee Wallace and Sonny Danny Pintauro are trapped for the film's climax in an empty farm-cum-garage foreyard.

In these scenes the movie *stops moving* altogether, thereby tempting action under the Trades Description Act. Before that, the characters have been arduously and unskilfully set up for us. Miss Wallace is having an adulterous fling with town handyman Christopher Stone; Master Pintauro thinks he sees monsters in his toy cupboard; Cujo's owner, farmer-garagist Ed Lauter, is a surly misanthrope with a wheedling wife; and poor Cujo himself is rendered permanently ineligible for Crufts by being bitten by rabid bats during the credit titles.

Once the characters have been thus "developed" for us, like poor photographs in an ill-equipped dark-room, the film plops its two main victims down in their set-piece limbo locale and the astonishingly repetitive, long, suspenseless dog-attack begins.

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Far better, if you seek mystery and suspense, to dive into the Queen Elizabeth Hall on Saturday for *Rope* and on Sunday for *The Man Who Knew Too Much* and *The Trouble With Harry*, two Hitchcock films resurrected by the London Film Festival.

Also unfurling at the LFF during the week is the witty and wondrous *An Englishman Abroad* (Monday), in which John Schlesinger directs Alan Bennett's truth-based script for TV about and starring Coral Browne, who once met Guy Burgess (Alan Bates) in Moscow and received from him lunch, epigrams and a request to measure him for a London suit.

Jack Gold's *Good and Bad at Games* (Monday) is based on a ghost of a brilliant idea by William Boyd (of *An Ice Cream War*) about the psychic time-bombs of a public school education. But the ghost flits in and out, never quite accepting our invitation to stay and become flesh.

But on Sunday evening Joseph L. Mankiewicz, resembling a large and animated ball of pastry, will wow all audiences with his witticisms and Hollywood memories in the feature-length filmed interview *All About Mankiewicz*. JLM wrote and directed *All About Eve* and *The Barefoot Contessa* and directed, most recently, *Sleuth*. No one has done more to give sparkling dialogue a good name in an industry usually more interested in sparkling pictures. Here the sparkling dialogue comes straight from the horse's mouth—so to speak

The Rape of Lucretia/Coliseum

Max Loppert

Britten's first chamber opera follows *The Turn of the Screw*, his third, in achieving unexpected and satisfying success in London's largest theatre. The rewards to be won from the new English National production are above all musical—with the cast of eight brought forward upon the same elevated platform which served not long ago for *Ariadne on Naxos*, and with the cavernous Coliseum pit sealed off behind the 12 orchestral players, the vocal and instrumental lines are encouraged to expand and soar across the space.

Their manner of doing so, under Steuart Bedford's masterly direction from the keyboard, left at least one member of Tuesday's audience with the impression that, whatever may be the inherent problems of diction and moral message in this opera, they are clothed in one of the most exquisitely beautiful of all Britten's scores, and one of the most dramatically shapely. In recent times *Lucretia*, in London, has been left to student performers, and has come in for some hard words on this page. Because the ENO cast combines youthful physique and mature artistry (Richard Van Allan's wonderfully understated Collatinus being, properly, its single senior member), one is reminded that at the core of the piece, beneath the flummery trappings of Christian morality and the painful poetastery of Ronald Duncan's verse, there lies a powerfully affecting dramatic situation involving adult people and adult emotional conflict.

Extreme simplicity of outline is the keynote of Graham Vick's production in Russell Craig's single set; unlike in their recent, unhappy *Ariadne*, it is an intelligent kind of simplicity, being answered also in the tone of the action. A single, dominant gantry, supporting sections of screens panels, moves back and forth on the platform (not yet quietly enough, on Tuesday); Male and Female Chorus preside above, on its balconied walkway.

The effect of silhouetted shape (economical lighting by Matthew Richardson), of restrained physical gesture, and then, in the rape scene, of suddenly ferocious and unflinching violence, seems to lend the opera a quality almost of Japanese theatre, of stylization within which the opera's awkward dramaturgy can be wholly contained. One questions only the use of modern army dress for the men and of early-modern suits for the Choruses; and by allowing the narrators to react to, rather than being detached from, the events they relate, the producer unwisely breaches, for a moment, the starkness otherwise so carefully and purposefully created.

Apart from a single—but, alas, crucial—weakness, the balance of the cast has been struck with brilliant percipience and freshness of approach. Jean Rigby, a young mezzo of lustrous evenness and firmness of attack throughout the full compass of Lucretia's music, is an artless, unaffected heroine; she commands little of Janet Baker's refinement of word-utterance, and is perhaps all the more moving and credible in her tragedy for the lack of it. (Lucretias too nobly mature tend to underline the work's now somewhat problematic view *of femininity and domesticity.)*

The three Roman women are most delicately contrasted; maid (Cathryn Pope), nurse (Anne-Marie Owens), and mistress join their voices in the tender way that is one of the special graces of the score. Only when the Female Chorus completes the quartet is the effect impaired, for, as in *Rienzi*, Kathryn Harries' large and potentially valuable soprano is constantly undermined by inadequate control; particularly in mid-range line and pitch are regularly blurred.

Mr Van Allan's Collatinus is in similarly fruitful fashion complemented by the strong Junius of Robert Dean and the elegant, purely sung Tarquinius of Russell Smythe—in both latter cases, the suggestion of youthful instability and its gradual realization offer another large boost to credibility (though nothing, it seems, can be done to rescue the opera's most embarrassing moment, the nursery-rhyme repetitions of "Junius is a cuckold").

The whole performance is crowned, and summed up, by the lyrical, direct singing of Anthony Rolfe Johnson's Male Chorus, as distinguished in its own way as Peter Pears' was in its. People who imagine they have worked out for themselves the last word on *Lucretia* should visit the Coliseum: some happy surprises are in store.

Alastair Muir

Russell Smythe and Jean Rigby

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Sticking to his guns

FOR A CHANCELLOR who has acquired a reputation (not wholly undeserved) for taking risks, Mr Nigel Lawson succeeded in presenting yesterday's Autumn Statement with an uncharacteristic lack of brio.

Perhaps it could not have been otherwise, given that many of the beans had been noisily spilt in advance. We knew that the planning total for public expenditure in 1984-85 had been agreed at £126½bn and that Mr Lawson would raid the contingency reserve at his peril; and sure enough, the reserve remains untouched at £3bn. While the public sector borrowing requirement for the current year is at the upper end of City estimates at £10bn, the £2bn overshoot against the forecast at the time of the budget hardly came as a surprise.

Rather more interesting was the forecast of a swing in the implied fiscal adjustment—the measure of how far taxes will have to be increased or reduced to comply with the PSBR guideline—of £1bn in the wrong direction. This gloomy prognostication, almost worthy of Mr Lawson's low-key predecessor Sir Geoffrey Howe, points to an increase in income tax of £500m next year on the conventional assumption of indexed tax rates, allowances and duties. But it is a moot point whether it should be taken very seriously.

Harmless

The PSBR forecasts are notoriously subject to error. So far this year the overshoot appears to be due to a smaller shortfall in spending than allowed for at budget time and higher debt interest payments arising from a greater increase in central and local government borrowing than expected. But there is a natural tendency at this point in the year for chancellors to underestimate revenue, both as a weapon to keep spending departments in check and to give themselves elbow room for the budget next year.

This is, then, a relatively harmless budgetary statement which leaves the medium-term financial strategy as it was. The Chancellor is looking for growth of around 8 per cent in money GDP next year and forecasting an increase in the retail price index to 5½ per cent in the first half of 1984, falling to 4½ per cent by the fourth quarter. This is accompanied by a somewhat optimistic forecast of a continuing 3 per cent real growth in output in 1983-84.

No doubt the critics will latch on to this—not least because it relies not only on a big improvement in fixed investment but on much improved export performance too. Consumers' expenditure is forecast to move from a 3½ per cent increase in 1982-83 to 2½ per cent in the current year. Investment, meantime, is expected to pick up from a 2½ per cent rise to 4 per cent over the same period.

Improvement

As Mr Lawson himself has not hesitated to point out, his critics have been wrong about the strength of the recovery to date. It would not come as a surprise if they are underestimating the strength of the underlying improvement in investment in a period of structural change in which the official statistics are doing a better job with the decline side of the equation than the growth side.

The present strategy of talking up business confidence and talking down inflationary expectations when recovery is beginning to make a conspicuous mark on corporate profitability thus has much to commend it. The interesting question is whether trade, in the present world climate, can make enough of a contribution to UK growth and how far the Chancellor will take risks with sterling to deliver.

To date Mr Lawson's measures have tended to improve with age: the public spending cuts in his July package look more prescient, for example, in the light of the overshoot in the PSBR in the first seven months of this year. And an approach which lays more emphasis on the corporate sector's potential contribution to continuing recovery than the conventional wisdom would allow is taking risks in an imaginative direction. It deserves a fair wind.

Diplomacy in Central America

THE SITUATION in Central America is more explosive than ever. The three month-old American military manoeuvres in Honduras have entered a new phase with a fresh influx of troops bringing the total there to more than 5,000. For the first time, the joint exercises with the Honduran army have moved up to the border with Nicaragua, where an undeclared war is already being waged by U.S.-backed opponents of the Sandinista regime.

In Nicaragua an invasion psychosis has gripped the nation. The Sandinista leadership is preparing the population for what it believes to be an imminent invasion by the U.S. and its Central America allies.

Nicaragua's invasion fears cannot be discounted out of hand. Throughout the year, the U.S. has escalated pressure against the four-year-old Sandinista regime. On Nicaragua's border with Costa Rica and Honduras, the Reagan administration is backing rebel movements whose object is the overthrow of the Sandinista government.

Experiment

The military manoeuvres are another form of pressure, and have been accompanied by increased U.S. naval activity and aerial surveillance. Combined with this has been a sharp cut in U.S. imports of Nicaraguan sugar and aid restrictions to tighten the economic stranglehold.

The American President's justification for the near-seige of Nicaragua is straight forward. Nicaragua strategically straddles Central America. Its home grown experiment in Marxism is being used by Cuba and the Soviet Union as a springboard to further the aims of international communism, destabilising America's own backyard. In particular, the Sandinistas are accused of backing the rebels opposing the right-wing government in El Salvador.

That one of the poorest countries in central and Latin America with a population of less than 3m should pose such a threat to U.S. interests might seem an irrational fear to many in Europe, but for the White House this fear exists and has to be considered.

Nor is it new since it has lain behind the policy of American intervention in the area whether in the Dominican Republic, the Bay of Pigs or more recently Grenada.

At first American policy sought to isolate Nicaragua, preventing the export of revolution, and force the Sandinista leadership to accommodate U.S. interests in the area. Broadly these aims have been met in the past couple of months. The Honduran military manoeuvres have cut supply lines to the rebels in El Salvador. More importantly Nicaragua has put out several peace feelers, almost begging for an understanding with the U.S.

It has agreed, along with Cuba, to support the initiative of the Contadora group. This group, composed of Colombia, Mexico, Panama and Venezuela, is proposing that all foreign military advisers be withdrawn from the region as a preliminary to working on a series of treaties renouncing the use of force.

So far the U.S. has given only token support to the Contadora initiative and has brushed aside as insincere Nicaragua's offer of talks. The U.S. seems set on ensuring the downfall of the Sandinistas.

Invasion of Nicaragua is a risky venture and would be on a different scale to Grenada.

The Nicaraguans are no military match for the U.S. in conventional fighting but they have the capacity to fight a protracted guerrilla war which could prove costly in American lives, damaging to America's international image, unpopular with domestic opinion and risk plunging Central America into a more generalised conflict.

Stability

Perhaps the hawkish mood in Washington is designed no more than to keep up the pressure on Nicaragua. Yet in the present climate it requires only a small incident to spark wider escalation.

This is an opportune moment for the Reagan Administration to give due consideration to a serious diplomatic effort to restore peace in Central America. This can be done by the U.S. on its own. However, it would be wiser to bind other regional powers into negotiating process which have an equal interest in the area's stability. The framework already exists in the Contadora group. If the Contadora group is not fully backed now, especially in the wake of this week's endorsement at the annual meeting of the Organisation of American States, then the initiative will probably become a dead letter. This in turn will lessen the possibility of diplomacy and increase the prospect of more conflict.

BRITAIN'S ECONOMIC PACKAGE

The economics of 'no change'

By Samuel Brittan

ONE of the journalistic disadvantages of a Medium Term Financial Strategy (MTFS) is that announcements of Government economic policy seem dull and devoid of surprise.

The Public Sector Borrowing Requirement (PSBR) for 1983-84 is now estimated at £10bn, which is nearly £2bn higher than Sir Geoffrey Howe originally estimated last March; and of course the overshoot could shrink or grow as more information arrives.

His successor, Mr Nigel Lawson, is still provisionally planning to borrow £8bn in 1984-85. This will represent a drop from 3¼ to 2½ per cent as a proportion of GDP. It is unlikely that the Chancellor will want to loosen fiscal policy if economic recovery continues as now predicted.

The Chancellor has been able to hold planned public expenditure at £126.4bn for 1984-85, which is to within a decimal point of that originally planned in the statement of the strategy a year ago. This has been done with little or no "cheating."

The contingency reserve has been maintained at £3bn in the face of many excuses which could have been given for cutting it. Special asset sales, which were originally planned to yield £1.5bn have been raised to £1.9bn; but this has been almost entirely due to the shift in the sale of the oil operations of British Gas from the end of this financial year to the beginning of next, which is hardly a major change in fiscal policy.

The one very small element of surprise was that, while Sir Geoffrey Howe envisaged room for an "implied fiscal adjustment" or tax cut of £½bn, Mr Lawson now envisages possible tax increases of the same magnitude. The amount involved—about ½p on the basic rate of income tax, although it is inconceivable that it would be raised this way—is hardly worth much excitement. It is much less not merely than the likely error in the forecast, but less than the estimated change that the Treasury normally makes between November and March.

Nevertheless there is a slight puzzle about how it has occurred. As expenditure is expected to return to its planned path after the overshoots of last year and this year, and debt interest estimates have changed little, the Treasury must have become slightly more pessimistic on the revenue side despite the fact that economic recovery is proceeding faster than expected some while ago.

The main focus of attention now shifts to the statement, which still is misleadingly called the Budget, which Mr Lawson will present in March. This is not because of expenditure decisions, which we know already or will learn from the fuller statement in the Public Expenditure White Paper, or from tax changes, which we also know will be modest.

The interest of the March statement, despite the infinitely greater publicity, battered Budget Box and all the other ridiculous paraphernalia, will be in more esoteric matters.

First there will be a restatement of the monetary guidelines. The present intention is to replace the existing three targets by two: one for so-called "little Mo," that is overwhelmingly notes and coin with the addition of the banks' rather modest balances with the Bank of England. The other will be some broad measure of liquidity.

As interested readers will know, there is a way of presenting a Government strategy which would concentrate on objectives rather than mumbo jumbo, would be less dependent on extremely hazardous econometric exercises and would leave much more short-term flexibility to the Treasury and Bank to interpret economic and financial conditions without being accused of "breaking the targets." But for the moment, mumbo jumbo still rules.

The 1984 Budget is also likely to roll forward the Medium Term Financial Strategy, which now ends in 1985-86, a further year. It might then be possible to see the end of the fiscal squeeze. The PSBR for that year is put at 2 per cent of GDP. This is within a stone's throw of the 1½ to 2 per cent ratio which the Treasury estimates can be sustained in the long run with very low, if not literally zero, inflation. Thus there is some prospect that further efforts to hold public spending to its planned medium-term path will eventually lead to some tax cuts and not for ever be offset by reductions in the PSBR.

The PSBR is of course a very bad measure of the fiscal stance. Quite apart from more controversial aspects, it is swollen by the inclusion of asset sales, not merely of nationalised industries, but of council houses, which are ways of financing a deficit rather than reducing it. It is also swollen by the inclusion of nationalised industries investment.

But even when all the adjustments are made—as it is quite likely they will be—official policy thinkers do not believe that Mr Lawson's deliberately vague "stable prices" need involve anything like a literally balanced Budget.

The economic outlook is now of more interest than the fiscal one. The 3 per cent growth rate proclaimed by the Chancellor gains in plausibility from being an estimate of what has actually happened in 1983, as well as being a forecast for 1984. The gyrations of the Retail Prices Index are expected to take the inflation rate to a temporary peak of 5½ per cent next year before falling back to 4½ per cent towards the end of 1984. But the more meaningful measure, the GDP deflator, is expected to remain stable at around 5 per cent.

There is nothing inherently implausible about all this. The largest component of growth, will, as nearly always, be consumer spending; but investment is expected to rise slightly more in percentage terms. The main point is that the famous 364 dissenting economists are wrong in supposing that output is incapable of growing without a Government stimulus, although the Chancellor is overhasty in assuming that it necessarily will.

The main query is, as so often, on the overseas side. Export volume in 1984 is expected to rise by 4 per cent, only slightly less than the 5 per cent projected rise in imports. By comparison it rose by only ½ per cent in 1983 against a similar 5 per cent import growth.

The world economic recovery gives some very modest encouragement about overseas market prospects. Will British products be competitive enough to take full advantage? The chart taken from the Autumn Statement provides the evidence in both directions. Unit labour costs are nearly 40 percentage points down from their uncompetitive peak against the rest of the world reached in the winter 1980/81 after allowing for exchange rate movements. But they are still over 20 per cent above those prevailing in the early and middle 1970s.

It is just possible that a combination of North Sea oil and improved "non-price competitiveness" in quality and delivery will validate the present exchange rate, but it is not certain or even probable.

What matters is not one person's guess against another's but the Chancellor's readiness to take the exchange rate as well as the monetary aggregates into account in framing interest rate policy. The required reassurances could, however, be given without any mention of a target for the exchange rate at all.

Total demand in the economy measured by Money GDP at market prices is expected to rise by about 8 per cent in the next financial year, roughly the same as in this one. Some 5 per cent is expected to be taken up by domestic inflation and 3 per cent should show up in higher output. Although some of us might like a somewhat higher objective, anything very much higher would not be in accordance with the Government's anti-inflationary priorities.

It would, however, be quite in accordance for the Chancellor to say that he cares about downward as well as upward deviation in the path of demand.

Inadequate international competitiveness then appears one of the reasons why GDP could undershoot in both real and money terms. It is not the only reason, nor will this undershooting necessarily occur.

PUBLIC SECTOR BORROWING
(£bn)

	1982-83	1983-84	1984-85
General government expenditure	132	139	145½
General government receipts	−122	−128	−137½
Implied fiscal adjustment*	—	—	½
General Government Borrowing Requirement	10½	11	8½
Public Sector Borrowing Requirement	9	10	8
as percentage of GDP	3¼	3¼	2½
Money GDP at market prices	282	305	329
% increase	—	8.2	7.8

* On the same assumption as in the 1983 MTFS about the PSBR as a proportion of GDP

The political consequences of recovery

MR ROY Hattersley, the deputy leader of the Labour Party, did well in his first real test as Shadow Chancellor in the House of Commons yesterday. He was informed, he spoke to the point without being over-technical and there is the promise of some interesting duels to come.

The trouble for the Opposition is that Mr Nigel Lawson, the real Chancellor, was even better. Mr Lawson spoke of a "winning combination" of "low inflation combined with steady growth." Any Chancellor who can promise that, and deliver, does not have to worry too much about his personal popularity.

The reaction of the House of Commons was generally subdued, apart from muttering—not least on the Conservative side—about energy prices. The reason for this relatively quiet reception is that it is gradually coming home, even to the Labour benches, that there is now some evidence of economic recovery.

If that is true, and the recovery is sustained, politics becomes fundamentally different. The strongest charge against Mrs Thatcher's Government in the past was that, despite all the rhetoric, the economic policies were not producing the desired results.

If that is now shown to be false, the whole political scene will have altered. All the political accidents of the last few months—Mr Cecil Parkinson, Grenada and so on—become footnotes. For it is the economy that is central.

It is taking the Labour Party some time to adjust. There were still some jeers when the Chancellor said: "In response to firm monetary policies the past year has seen falling inflation, renewed growth and solid evidence of our continuing recovery from world recession." But the point is that the jeers were much more muted than they would have been if the Chancellor had made the same remark a year ago or even during the general election campaign earlier this year.

The House is having to become accustomed to some relatively good news and, not unnaturally, Labour does not like it because it takes the beat off the Government. It is also bad news for the Alliance.

Barring accidents, there seems on the face of it no good reason why the better economic news should not continue. It is pointless to cavil at the possibility that inflation might rise to 5½ per cent before coming down again. There are no obvious strong upwards pressures.

Profits have been recovering since 1981, investment looks like turning up and unemployment may be levelling off. All that we know from the recent surveys of the Confederation of British Industry. The Autumn Statement merely confirms it.

There is also an interesting trend in the savings ratio—down to nearly 8 per cent from above 14 per cent when inflation was much higher in 1980. That could be taken, certainly is taken by the Government, as a sign that confidence is returning and expectations are that inflation will remain low.

Moreover, two facts ought by now to be clear to anyone with an open mind. One is that we know what the Government's economic policy is. The other is that there is every reason to believe that it will stick to it.

The overriding priority is to control public expenditure with the ultimate aim of reducing taxation. That is what the whole exercise has been about. There was never any promise of cutting tax this time. The target is quite clearly later in the Government's life span.

Not too much importance should be attached to the Chancellor's statement that the forecast "implies the need for some net increase in taxes in next's year's budget." The "implied fiscal adjustment"—the technical phrase for the room for manoeuvre—has simply moved from £½mn surplus to £½bn deficit, and could move again either way.

If the Chancellor were to need more money at budget time, the guess must be that he would look again at public expenditure and possibly at increasing asset sales. We already know from statements by the Prime Minister and others that the priorities in cutting taxes are the remaining national insurance surcharge which would cost about £1.2bn to abolish altogether in the first year, and the raising of the thresholds at which people pay income tax.

One of the troubles with this way of conducting economic policy and providing the Autumn Statement as well as the budget is that there are hardly any surprises. It is also the trouble with good news; there is nothing to gripe about.

Yet one still wonders if the political implications of economic recovery have been fully appreciated. Public opinion polls on voting intentions have gone out of the headlines since the general election. But it is worth noting how well the Tory vote has held up.

The Gallup poll in the Daily Telegraph yesterday gave the Conservative Party 43½ per cent and indeed the figure has hardly moved over the last few months. The one significant change is that Labour has gained over the Alliance since Mr Neil Kinnock became leader.

Of course, problems remain, not least unemployment. But politics will have to adapt to the fact that the economy is getting better rather than getting worse.

Malcolm Rutherford

Men & Matters

Electric stocks

The completely-automated, entirely-electronic, stocks swopping system already exists in the shape of the successful American Over-the-Counter market, called the National Association of Securities Dealers (NASD).

The first man outside America to be elected to its board of governors, Scotsman Alex Hammond-Chambers, aged 41, is convinced that what NASD is doing in the U.S. today the London stock exchange must be doing within the next few years if it intends to stay in business. "With NASD the Americans have created by far the most significant market in the world in terms of technology," he says. "The London stock market must go the same way, hopefully in under 10 years, if it is to avoid another organisation moving on to its pitch."

Hammond-Chambers is deputy chairman of Ivory and Sime, the Edinburgh international investment managers, who have £1bn of funds invested—slightly more than half of it in U.S. companies.

He has specialised in the U.S. investment market for more than 15 years and it has been largely upon his advice that more than $500m of the total Ivory and Sime U.S. investment of $1bn has gone into small and medium-size U.S. companies, whose shares are traded on the Over-the-Counter market.

A poll was conducted among NASD members to select the market's first overseas governor. Hammond-Chambers' name came up, he thinks, because of the frequency of his dealings in the stocks of member companies.

The governorship—officially he will be called a "governor-at-large"—will run for three years from next January. He sees it as an unrivalled opportunity to study the techniques of stock market trading by electronics; and how they can be usefully applied in Britain.

Gas light

Relief all round in the Dublin High Court when the Irish Gas Board (BGE) disclosed that it does, after all, know the whereabouts of the Cork-Dublin gas pipeline.

There has been some doubt. The Dutch/Irish consortium, Irish Enco, which was main contractor on the pipeline, sought an injunction against subcontractors Gasunie Engineering and Kenny International, to prevent them dealing with, or disposing of, certain drawings of the pipeline.

According to evidence in court, without the drawings BGE could not locate the pipeline for maintenance or emergency repairs. Keen dowsers were already offering the service of their forked twigs.

But no, said the Gas Board, "we know exactly where it is." "In that case," responded Miss Justice Carroll, "we'll adjourn the whole thing for a week."

Wealthy pursuit

It took Montreal journalists Scott Abbott and Chris Haney about 45 minutes to make themselves millionaires. That was the time it took them to invent a game called Trivial Pursuit one Saturday night after becoming bored with playing Scrabble.

Their board game, based on 6,000 teasing questions (sample: Who was the only woman competitor in the 1976 Olympics not asked to undertake a sex test? Answer: Princess Anne) has sold $140m worth of sets in the U.S. and Canada in two years.

Palitoy has now secured the contract to market Trivial Pursuit in the UK in time for Christmas; and in the rest of Europe next year.

Abbott is in London for the launch. He finds he works harder now he runs his own company, occupied so far in producing spin-off versions of the game with specialist appeal, such as Silver Screen and Sports.

He has also had to devise a version in French. Quebec law says that you cannot produce a game just in English. There must be a bilingual, or a French version, as well.

"My milkman is organising a race to take it back to France"

Bowes out

Sir Leslie Bowes is 90 today—and has decided the time has come to retire.

He will quit his full-time post as a director of Rea Brothers, the City accepting house, at the end of the year, and so bring to a close a career that has spanned 75 years.

Starting work at the age of 15 in 1908, Sir Leslie joined the Royal Mail Steam Packet Company in 1911, and transferred later to its sister company Pacific Steam Navigation.

He spent 37 years in Latin America before being recalled in 1952 to become first, managing director, and then chairman of the company. He was also chairman of Royal Mail Lines for five years before retiring in 1965 after a record 55 years with the group.

Sir Leslie then promptly joined Rea Bros for the second 17-year stage of his career.

There are few, if any, organisations associated with the shipping industry on which he has not served at one time or another.

And few Europeans can have been so showered with honours by Latin American countries—seven of them have decorated him with their Order of Merit or equivalent, and he is a honorary citizen of Valparaiso.

The first task now, he says, is "to get used to the idea of not going to the office." But he has plans to finish a book of "random recollections." He wrote 50,000 words of the book some time back "but just couldn't find time to write the rest"

Means test

Not surprising that there should be some differences of opinion among the Government Ministers and businessmen at the FT conference on the Second Thatcher Government in London this week.

But on one thing there was unanimity: the need to get rid of that appalling word "privatisation."

John Moore, Financial Secretary at the Treasury agreed that the word was unpleasant but said he had yet to hear an adequate alternative.

"Perhaps the Financial Times should run a competition to find an alternative," he said. "If anybody has the answer, it must be a reader of the FT."

There is the challenge—and the best solution will win a bottle of something equally tasteful.

Observer

U.S. STOCK INDEX FUTURES

The market that soared away

By Paul Taylor in New York

ON THE paper-strewn floor of Chicago's Mercantile Exchange the clock reads 3.14 pm. About 200 traders are crowded into an octagonal "pit" in the middle of the Exchange. In 30 seconds the first of four gongs will sound—and the traders, in their multi-coloured coats are waiting.

In that final 30 seconds the pushing, shoving, shouting and gesticulating reaches a crescendo. All this excitement is being generated by the hottest new "commodity" in the U.S.—a view on the future fortunes of the stock market.

Less than two years after their introduction, new stock index contracts are already outpacing many of the traditional investment plays. "They are a natural," says Mr Robert Cruikshank, Vice-Chairman of the Chicago Board Options Exchange (CBOE).

Beginning in Kansas City in February of last year, stock index futures have spread across the U.S. and spawned a whole new family of related products, including stock index options and a second generation of contracts on sub-indices such as transport, computer stocks, and energy.

In recent months, the "share-equivalent" volume of stock index futures traded in Chicago, Kansas City and New York has regularly exceeded volume on the New York Stock Exchange's big board.

"They are the fastest-growing product we have ever had," says Mr Henry Nothnagel, e vice-president in the index and option market of the Chicago Merchantile Exchange (Merc). He predicts that, by the end of the year, daily volume on the Exchange's highly successful S and P 500 futures contract—which already represents one-third of the Exchange's volume—will top the record 57,400 contracts daily record set for the live cattle contract in 1979.

But it has not all been smooth sailing. The central controversy surrounding the new stock index instruments is the contention that they represent nothing more than a highly geared form of gambling.

Theoretically, a stock index futures contract represents the obligation to buy or sell a "portfolio" comprising all the stocks in an index at an agreed price on an agreed date. In practice, however, the contracts are strictly for cash settlement and fewer than 5 per cent run to maturity.

This cash settlement feature, and the tremendous gearing offered by such contracts—for an initial margin or "stake" of under $6,000 an investor can control a contract covering equities worth about $82,200, in the case of an S & P 500 futures—has led to serious criticism from opponents in Congress and elsewhere.

Naturally, those closest to the markets strongly defend the new products. Mr Alvery Bartlett, President of Stock Index Futures Co., a St Louis-based firm formed to specialise in stock index trading, says "to say it's gambling is absurd." He points out that other futures contracts, including those for precious metals like gold, are also settled in cash.

Mr Frank Jones, a senior vice president of the New York Stock Exchange, goes further. He claims that the ability to use the new instruments to offset risk makes them the opposite of gambling. "In pure gambling you make a risk out of something that was previously riskless," he says. "Using stock market indexes, if you hedge, you transfer risk."

By using these markets, it is argued that an investor can protect e portfolio against e general decline in the market.

The main players in both the stock index futures and stock index options markets are the floor traders. They account for about 30 per cent of all trades in the futures markets and more than that on options floors.

The next most significant group of participants are the professionals, such as brokers and ether stock market specialists. Then comes the general public—generally wealthy individuals with a sizeable personal stock portfolio. Some ef their interest will be to do with hedging, but much of the time they will simply be following market bunches.

Finally, the big financial institutions account for perhaps 10 per cent ef volume in the stock index futures markets and rather less than that in stock index options.

According te Institutional Investor magazine, as many as 25 large corporate pension funds and half a dozen endowment funds are now actively involved with stock index futures. Some are simply trying to exploit market anomalies: according to Mr C. Webb Williams, Exxon's assistant treasurer, Exxon has discovered times when fntures seemed to be significantly mispriced against the S and P index, giving gains of 2-3 per cent. Just holding an undervalued S and P 500 contract to expiration gives a fund manager the knowledge that he will outperform the S and P 500, he says.

Westinghouse Electric Corp, one of the first corporate funds to enter the market, is reported to have made about $4.5m through three major futures contracts deals.

Other institutional market players include the Harvard Management Company, which oversees the University's huge endowment funds, and banks such as Security Pacific, Wells Fargo and State Street Bank, and Trust of Boston.

Meanwhile, the first major regulatory study of the new markets is under way, led by the Federal Reserve Board and two other regulatory bodies, the Securities aod Exchange Commission and the Commodity Futures Trading Commission. Their report to Congress is due by the end of next September.

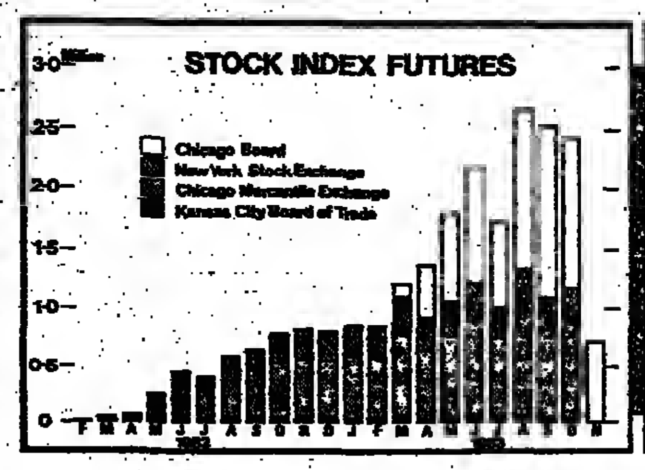
By then, it is likely there will be a whole new range of stock index products.

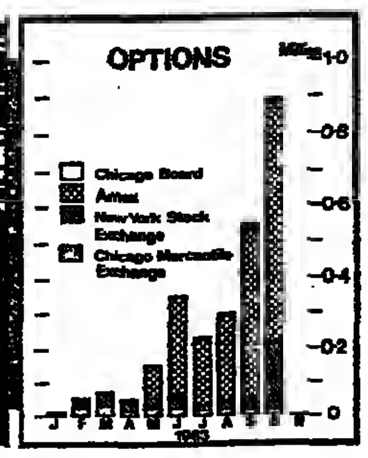
Among the 50 or more sub-index products planned by exchanges are a number based oo the economic indices, including what has been described as the "ultimate inflation hedge"—an options contract on the consumer price index.

As the City of Loodon gears itself np to launch stock index futures and options next spring, *U.S. aficionados* bave no doubts that the new products are bere to stay.

Mr Lewis Horowitz, President of the New York Futures Exchange which recently doubled the size of its stock index trading pit to accommodate 300 people and two months ago introduced a new stock index option oo its composite index—sums np the Exchanges' enthusiasm for the new products.

"We have found the big fisb for the 1980s," be says. "It feels real good being here. The current craze is certainly no hulahoop."





HOW THE NEW CONTRACTS WORK

STOCK index products come in three basic forms:

● Stock index futures: an agreement to buy or sell a hypothetical portfolio of all the stocks making up an index at an agreed price on or before a certain date. In practice settlement is strictly in cash.

Most contracts are worth $500 times the value of a specific index. In the case of the S and P 500 contract, which is traded on the Chicago Mercantile Exchange, a contract is currently worth about $82,200.

Apart from a commission fee of about $60 per contract, a "good faith" downpayment or "margin payment" is required. Typically this is between 5 and 10 per cent of the contract's value and is often made in the form of U.S. Treasury Bills.

Typically the buyer of a futures contract believes the index will rise and is seeking to benefit from that movement, while a seller is counting on a fall. Dramatic changes on the stock index can produce big profits or losses very quickly. Theoretically the risks are unlimited.

Contracts can be sold to other parties before expiring and frequently are.

● Stock index options: like futures contracts, these are linked to the value of a specified index and are settled in cash.

An options contract however, is the right, but not the obligation, to buy or sell an index at a stated price (the strike price) by a certain date "Calls" give the buyer the right to buy an index, "puts" give the buyer the right to sell an index.

The value of an options contract is generally less than a futures contract because the contract multiplier is smaller. For example, the Chicago Board of Options Exchange S and P 100 stock index option is $100 times the index, or currently about $16,800. In addition, the margin requirement is generally less, typically two or three per cent of the contract's value.

These two factors, together with limited risk for the option buyer, make options contracts *particularly attractive to* individual investors while the higher contract value of the futures contracts allows a market participant to buy fewer futures contracts to hedge a portfolio of a given size—thus saving on administration fees and commission.

● Options on stock index futures: these are the real hybrids and were introduced on the NYFE and the Chicago Mercantile Exchange in January—before pure stock index options but after stock index futures.

Like options contracts, options on stock index futures give the buyer the right but not the obligation to buy or sell at a specific price during a specified period of time. But in the case of options on stock index futures it is the *right to buy or sell a stock* index future contract.

This gives a lot of equity for a low down-payment and minimum risk, but the instruments have yet to prove popular.

Lombard

What McMahon didn't say

BY NICHOLAS COLCHESTER

I HAD ALMOST given up on the idea of sterling joining the European Monetary System. I had seen the deadening effect that the word "EMS" had upon dinner party conversation. I had become anaesthetised to the British Government's hollow assertions that the "time is not yet right" to make sterling a member. Really, there were easter ways of labelling oneself a Euro-bore thao by mastering the parity grid aod the divergence indicators.

Theo, this week, a book of essays oo the theme Investing io Europe's Future arrived from the European Investment Bank. Dr Alexaodre Lamfalussy of the Bank of International Settlemeots wrote that "the perverse effects of exchange rates which diverge significantly and persistently from purchasing power parity show the daogers inherent in the unbridled, erratic floating of currencies." He said their effect on European investment "could be alleviated through greater stability in intra-European exchange rates" aod that, "the survival and smooth functioning of the EMS are therefore of immense importance for capital formation within the community."

Dr Lamfalussy admitted that the EMS was in danger of degenerating into a "sliding parity system," but he claimed nonetheless that the frequent changes in EMS exchange rates had generally offset differences in inflation. "There has heen none of the distortions of real rates referred to earlier. It is a limited success but a success all the same."

In another, more passionate, essay, M. Michel Alhert, the *former French planning director*, wrote: "Arriving in London for the summit in 1981 Chancellor Schmidt declared. 'I have not come here to discuss eggs, butter or milk.' Nevertheless, he did so since these, together with fisheries and steel, are the preferred subjects of these inheritors of our old nations' past when they meet, like a bourgeois family whose beritage is in danger. With the exception of the EMS there bas been no important concrete initiative or creative impulse in the EEC for over ten years."

On Wednesday, Mr Kit McMahon, the deputy Governor of the Bank of England, delivered a speech on the "Role of the Exchange Rate." It was the clearest explanation of experiences under floating exchange rates, their eauses and effects, delivered by a Bank official this decade.

He explained how exchange rate volatility impedes economic adjustment, deters investment and encourages protectionism. He explained how the market is dominated by fashionable capital flows—to such an extent that the convergeoce of inflation rates may not be enough to restore stability, that iotervention may not suffice, aod that only monetary and fiscal policy has the clout to cope with exchange rate pressures. And theo he mentioned the EMS, with many a justified proviso, as an example of governments taking a lead in influencing the foreign exchange market and preserving roughly competitive exchange rates.

After nine pages of sustaioed hang the McMahon speech eoded with somethiog of a whimper. The British Government does take some account of the sterling exchange rate, he said—in one of those paragraphs which one has to read three times and which has the feel of a much amended draft. Perhaps the deputy Governor had wanted to say more. Perhaps he had already said more than he ought.

Nevertheless, the effect was to bring my desire to see sterling part of the EMS surging back. The oil price, whose swings are the most telling reason why sterling should remain aloof, is now in a state of soggy equilibrium.

Sterling is currently somewhat overvalued agaiost European currencies, but this is consistent with the Government's conlinuing drive against inflation and towards industrial efficiency. A weak exchange rate never got British industry anywhere. If the Government committed sterling to the EMS it would not be locking the rate for all time. It would be joining a sliding parity system involving governments remarkably united in their desire to contain inflation and to "decouple" Europe, as far as is practicable, from interest rates across the Atlantic.

Letters to the Editor

Growths in the electronics industry

From the Chairman, Mackintosh International.

Sir,—You reported (November 14) the view of Cambridge Econometrics that (your headline) "Growth in (the) electronics industry (is) 'to slow down'." The article goes on to quote "little growth in the mid-1980s" but 1.9 per cent a year growth closer to 1990. Whenever figures are quoted in your article, it is not always clear whether it is the market or production which is being discussed.

UK market growth over the next ten years, will be, on a worst-case scenario and in real terms, at least 6 per cent per annum. In all probability, n bit of catching up with the U.S. (where current per capita expenditure on electronics generally is almost twice that in the UK) will result in real market growth being about 8 per cent.

Unless financial and political initiatives are taken which are far larger than anything attempted to date (in the UK or elsewhere in Europe), electronics production in the UK will lag market growth, leading to ever-increasing trade deficits in this sector. But even in such a worst-case situation, UK production will increase at a minimum rate of 5 per cent per annum in real terms.

In my view, it is indicative of Britain's general lack of comprehension of electronics and information technology that a forecast such as that by Cambridge Econometrics can possess any credibility whatsoever. Those of us who really understand what is going on in the field of electronics (for example, the accelerating pace of technological change, the huge scope for potential new uses, new products and new markets), know that the prospects for future growth are almost limitless.

This is not a stagnant industry, but one whose worldwide production output will exceed £50bn by the early 1990s. Indeed, it will undoubtedly be the first manufacturing sector to exceed 1 trillion (million million) of output worldwide. If the UK is ever to achieve a reasonable share of this vast business, it is essential that we gear ourselves for growth, not stagnation.

(Dr) Ian Mackintosh.
Mackintosh House,
Napier Road,
Luton, Beds.

Sharing out at British Airways

From the Chief Executive, British Airways.

Sir,—Mr Martin O'Regan—"*Sharing out at British Airways*" (November 14) contrasts the figure of over 200 staff at British Airways for each of our aircraft and observes that this is greater than numbers among our private competitors.

Certain of the leading European carriers, it so happens, have significantly more employees per aircraft *than* British Airways, and yet are generally considered to be well run airlines.

The comparison is near to meaningless for the following reasons: the very much greater length of our worldwide routes with their intermediate stops, compared with the UK domestic operators and the size of the aircraft used by the airline. We are the only airline having to operate from two terminals at its base airport. The private operators perform 80 per cent of charter flights into Europe from Britain and charter operations require many fewer staff than scheduled services. We maintain our own engineering bases. We handle ground services for many airlines at UK airports and in New York. We earn substantial sums in providing computer services to numbers of other carriers.

Mr O'Regan is *even* further off target when he suggests that our profit-sharing scheme is only to operate "after all tax-payers money has been repaid." Profit-sharing schemes are an integral part of motivating the contemporary workforce. It would be most unusual, if not unique, that shareholders should be repaid their investment before a profit-sharing scheme is introduced. It is of course our intention that the British Airways' profit-sharing scheme will apply to all our staff. We regard every one of them as having an effect upon performance and results.

Mr O'Regan is under the illusion that the public pay taxes to sustain British Airways. After making profits of £77m last year, our results for the half-year to September 30, 1983, with all interest paid, show a profit of £162m.

Colin M. Marshall.
PO Box 10,
Heathrow Airport (London),
Hounslow, Middlesex.

A small company allowance

From Mrs A. Baboulène

Sir,—Government aid to companies tends to involve them either in moving premises (eg, enterprise zones) or in borrowing money (eg, guaranteed loans). Both are genuinely useful for some companies, but do little or nothing for the majority, who would lose business or skilled staff by moving and who are concerned to keep costs down so that they can operate within budgets in a very uncertain economic climate. It is arguable that loan guarantee schemes help the banks rather than the small businesses they were designed to foster. Servicing large loans defeats budgeting when fluctuating exchange rates and the high level of liquidations and bankruptcies among customers can affect profitability suddenly and dramatically. The knock-on effect adds to unemployment figures and increases reluctance to take people on.

All individuals, whatever their income, have a "personal allowance" on which no tax is due, and other allowances are added. Companies (legally "persons") have different rules but there is no element of allowance on profits before tax is levied: tax of 38-52 per cent is due from the first £1 of profit.

If limited companies had a "company allowance" similar to an individual's "personal allowance," there would be considerable economic advantages.

Corporation tax would be levied after a straight allowance of (say) the first £5,000 of trading profit for every company, whatever its size. (This would ease work for tax inspectors and the existing rules on associated companies would prevent companies being set np to launder money.)

The money so allowed would have to be invested and income from it would attract Case III tax in the normal way. It would be available to buy machinery, etc., as well as providing e shield against future misfortune. As soon as the money were to be used in any way, apart from specifically tax-deductible items, it would attract tax.

The "company allowance" would be dependent upon annual returns being properly filed. This would discourage rogue companies and give incentive to some people to leave the black economy and pass transactions through the books. Sole traders and partnerships might also prefer to incorporate, and the discipline of PAYE and annual accounts would prevent many bankruptcies.

(Mrs) Audrey Baboulene,
10, Richmond Avenue, SW20.

Misunderstanding pensions

From the Personnel Manager, Otis Elevator

Sir,—Once again, far from companies misunderstanding pensions, it is the pensions industry itself which fails to appreciate what their customers actually want (November 7).

The point ef my letter was not that the advantages of both money purchase and salary schemes can simultaneously be made available but that the *whole* funding process is attempted "on the cheap." This leaves industry with the leavers problem, which the pensions industry has wholly failed to address, with consequent severe restraints on mobility.

Moreover, even where the new employer is prepared to *fund the heavy cost of* providing a good pension for, say a senior executive, Inland Revenue restrictions prevent this happening in occupational schemes for less than 10 years' service.

My solution, I believe, is a simple one; it protects the interests of leavers (which can *only happen when enforced* consistently) while at the same time leaving industry free to make its own arrangements with as few constraints as practicable. Inflation proofing, money purchase and "buy-out" insured contracts just do not provide solutions which address the basic cause of the problem.

P. J. Danischevsky.
The Otis Building,
43-59, Clapham Road, SW9.

Capital gains tax

From Mr A. Keay

Sir,—I entirely agree with Mr S. W. Penwill's letter (November 12).

There must be many private investors who are "*locked in*" with investments acquired on or before April 5, 1965, and who hesitate to submit themselves to what is, in effect, a voluntary payment of a capital levy. One reads in today's Press of the continuing decline of the private investor which, in view of the complexities and inequity of the so called capital gains tax, is hardly surprising.

Could not the Chancellor at least bring the base date forward from April 5, 1965?

A. D. J. Keay.
53, Cadogan Street, SW3

New unacceptable face of capitalism

From Mr Donald Cobbett

Sir,—It is very clear from advertising now proliferating in the financial columns, that, apart from a minority of really big individuals—marshalling, say, over £100,000—Stock Exchange member-stockbrokers are concerned enly to manage "packaged" investments for the small man.

Unless, in the future, the modest investor is prepared virtually to hand across a sum of *£25-£50,000*, relying on the proclaimed (heaven knows why?) "expertise," for deployment in an omnibus form with the assembled funds of other individnals, that person will find it difficult to deal at all in any respectable quarter.

He will probably be required to buy a form of deposit receipt, part or bulk orders in selected shares, and will not be directly represented on the company's register. A token of greater trust than I would care to repose.

The old type of client, accustomed to being treated with courtesy and solicitude by Old George, who always dealt for "the family," will be thrown out of the window under this new acceptable face of capitalism.

Donald Cobbett,
Velmead Cottage,
Fleet, Hants.

The games people play

From the Chairman, John Waddington

Sir,—I did not see your piece about Monopoly in Men and Matters on October 20 but I did see the letter from Mr Henry Law on October 28.

It is true that there was the Landlords' Game before Monopoly just as there were other games about property, probably all copied from the original invention. Monopoly, however, includes the essential feature of having to collect a set of properties before building houses on them. This is what Charles Darrow invented and this is what makes Monopoly the great game that it is. It may seem a very simple invention now and it may seem to be rather an obvious improvement but nobody thought of it until Charles Darrow did and *frankly, without that feature*, the game is tame. Thus we should accord Charles Darrow the honour that he deserves and I am sorry that Mr Law has got it wrong.

Victor H. Watson.
Wakefield Road,
Leeds.

FINANCIAL TIMES

Friday November 18 1983

TRADING IN AT&T BREAK-UP STOCKS STARTS ON MONDAY

Picking Ma Bell's winners

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

ON MONDAY morniog, Wall Street will bave its first chance to put its money where its mouth is and choose the winners and losers io the American Telephone and Telegraph break-up game.

By then, they may have bad the time to chew over a tigbtly written 267-page informatioo statement and prospectus issued by AT&T and backed up by 58 separate documents totalliog 13,000 pages filed with the Securities and Exchange Commission.

The immediate off-the-cuff reaction to the package of financial estimates and projections for the dismembered AT&T was that there were no startling surprises.

After months of working on the figures, Wall Street's own estimates of the balance-sheet structure and earnings of the eight new companies to emerge from the break-up on January 1 were pretty close to the companies' own forecasts.

Reflecting that, AT&T's share price closed only $⅝ up at $63¼ on the day of the announcement.

The documents set out in excruciating detail how the assets of the world's largest telecommunications group will be split between a oew AT&T and seven new regional bolding companies.

Despite all the detail, one key area of uncertainty remains. None of the earnings projections makes much sense unbil the companies bave a definite decision on a oew pricing structure. Yet that is precisely what AT&T cannot tell sbareholders at present.

The companies have done their sums on the basis that oew flat-rate monthly fixed charges – the so-called access charges – will be in force from April 3. If they are oot in place by then, Mr Robert Allen, AT&T's chief financial officer says, "The 1984 earnings forecasts in the information statement would not hold." Mr Allen, bowever, refused to speculate about the impact of a further delay in the introduction of the new charges.

The access cbarges are designed to belp replace the historical subsidy of local telephone services by interstate, loog-distance toll traffic while allowing AT&T to reduce long-distance charges and thereby compete more effectively with other carriers.

Thnt plan, however, bas run into fierce opposition from congressmen, who see no votes io higher local telephone charges in a presidential election year.

Pressure from Capitol Hill has already forced the Federal Communications Commission to delay the introduction of the new charges for three mooths and might conceivably forestall the whole plan. AT&T says it is relying on the FCC not to allow that to happen and has based its estimates on an interim agreement with the local telephone companies to cover only the first three months.

Nevertheless, Wall Street will have to evaluate the different pieces in the AT&T jigsaw puzzle on the basis of the figures in the prospectus when it begins trading the new companies' shares on Monday.

POST AT&T BREAK-UP – ESTIMATED 1984 NET FIGURES ($)

	Revenue (bn)	Income (m)	Earnings per share	First quarter div	Assets at June 30 1983	Debt ratio at Jan 1 1984 (%)
AT&T (new)	56.54	2,110	2.02	0.30	34.27	40.
Ameritech	8.34	923.7	9.47	1.50	16.25	43.8
Bell Atlantic	8.32	952.2	9.69	1.60	16.26	43.3
BellSouth	9.79	1,198	12.21	1.95	20.80	43.1
Nynex	9.82	937.6	9.54	1.50	17.38	45.1
Pacific Telesis	8.08	827.7	8.00	1.35	16.19	46.5
Southw. Bell	7.75	869.6	8.93	1.40	15.50	44.6
U.S. West	7.43	877.a	8.96	1.35	15.05	43.3

Source: AT&T

Dealing for the time being will he on a "when issued" basis ahead of the share distribution early next year. At that stage, AT&T's existing 3.2m shareholders will receive ooe sbare in each of the new regional bolding companies and one sbare in a new slimmed-down AT&T for each 10 shares they currently hold.

The main financial details that Wall Street's army of AT&T analysts will be pushing through their computer models to determine whether the parts are worth more than whole are:

● *Dividends* – AT&T says it expects the first-quarter dividends of the eight new companies to amount to the equivalent of $1.365 a sbare before divestiture compared with the current rate of $1.35 a share. Analysts had beeo expecting a payout ratio to earnings of around 60 per cent and that seems to have been accepted by the companies as an acceptable target.

Even the new AT&T, which some analysts had been expecting to be more conservative in its payout policy, is projecting a ratio of 59.4 per cent based on its estimated first-quarter dividend of 30 cents.

● Earnings – despite the determined effort to create groups of similar weighting. Earnings per share projections for the regionals show variations from a low of $8 a share for Pacific Telesis to a higb of $12.21 a share at BellSouth. AT&T's own earnings per share is forecast at $2.02 next year, and total earnings for the eight companies amount to $8.70 a share on a pre-divestiture equivalent basis, roughly on a par with previous earnings.

Nevertheless, in spite of wide differences in earnings per share and in post-divestiture assets, AT&T has clearly aimed at creating companies that should make very similar net returns on assets

● Balance sheets – as expected, AT & T bas lived up to its promises of generosity to its new offspring and launched them into the world with strong balance sbeets.

After assuming $2.6bn in debt from the regionals, they will be spun off with debt as a percentage of total capital of between 43.1 per cent at BellSouth and 46.5 per cent at Pacific Telesis.

When shadow trading begins on Monday, Wall Street is broadly expecting share prices of around nine times projected earnings – roughly in line with current valuations for ntilities.

Wall Street will be eager over tha next year to see whether the regionals can live up to these ratings. The earnings projections have been based on regional managements' own estimates, and they have clearly tried to show themselves in the best light possible in order to attract investors.

The challenge facing them now will be to meet the targets they have set themselves without the protective umbrella of Ma Bell.

THE LEX COLUMN

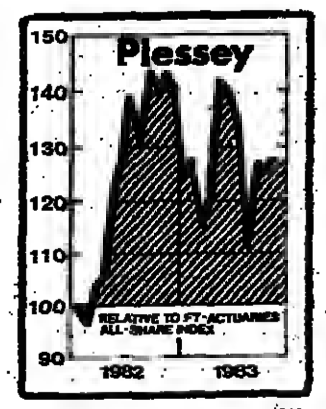
Chancellor sticks to his formula

Predictable though it may have been, the figure in the British Chancellor's statement which seized the imagination of the City of London yesterday was the public sector borrowing requirement (PSBR) overshoot for the current year to about £10bn. This confirmed that the fiscal environment has been a good deal more lax than the medium-term financial strategy ordained. And the rest of the statement took shape around the need to reassert financial control next year. So whereas in 1983-84 the PSBR and asset sale total is set to top £11bn, with a PSBR target of £8bn next year the overall funding figure falls to less than £10bn.

Admittedly, the £1.9bn figure for asset sales next year raises as many questions as it answers. Since £400m has been earmarked for Enterprise Oil, the residue seems to reflect an unduly pessimistic view of the market's appetite for British Telecom (BT), due for flotation in the autumn. More likely it points to the likelihood that BT will have to be sold in tranches.

The market remained cynical, however, about the Chancellor's inflation projection – down to 4½ per cent by the end of next year; and it was more puzzled than anything else by the warning of the possible need for tax increases.

Given the projection of 3 per cent gross domestic product growth, on conventional assumptions tax revenues should be buoyant and social security obligations should lighten. The Chancellor's counter-view seems to pivot upon the momentum of productivity growth being maintained, with little reduction in the numbers unemployed to give elbow room to aggressive wage hargainers. Indead, if companies are ahle to keep wage increases under control, they still have plenty of tax losses to shelter sharply higher profits from the Chancellor's revenue account. But with earnings now edging up, the markets will need some convincing that the current cycle is going to make such a clean break with economic tradition. Perhaps a simpler interpretation of the tax warning is that the Chancellor is determined to keep his spending colleagues in Cabinet firmly screwed down.



Philips

Yesterday's 7 per cent fall in Philips' share price must have sent a shiver down the spine of any U.S. investor who has huilt up an adventurous portfolio of European stocks over 1983.

The shares closed down 72p on the London market at 905p and have surrendered more than half the gains made earlier this year – which doubled the share price with no little help from U.S. buyers.

The root cause of the trouble is acute uncertainty over how Philips intends to extricate itself from the marketing debacle which has befallen its V-2000 video system. The group's third quarter figures have provided further evidence of the V-2000's continuing impact on profitability.

Net profits of Fl 103m against Fl 80m in the year earlier period fell short of most expectations by Fl 35-40m. Worse, trading profits of Fl 644m on sales of Fl 11.21bn represented only a small jump in the profit margin from 4.9 per cent to 5.7 per cent, not much reward for three years hard labour in the slimming camp.

More progress has in fact been made than this suggests, most notahly in industrial supplies. It is being overshadowed, however, by the crisis in the andio and video division which may end the year scarcely in profits at all, implying losses of perhaps Fl 350m for the V-2000.

But the video system accounts for about 8 per cent of total stocks and Philips has defied speculation that it would set aside the Fl 1bn-plus figure needed to write them off, presumably in the hope that Christmas sales will ease the pain. In the meantime, brokers Pierson, Heldring & Pierson have reduced their net profits forecast to Fl 525m and the shares are now yielding 4.5 per cent.

Plessey

Dead on course for the first half, with profits up 21 per cent to £80.90m for the six months to September, Plessey looks well on the way to 20 per cent growth for the year. Yet the shares fell back 6p yesterday to 214p, suggesting that the market is taking a somewhat cautious view of the UK group's ability to steer its way through the international telecommunications maze in future.

The doubts should not be overdone on this score, although Plessey's ambitious expansion plans in the U.S. are bound to absorb a lot of management time and talent, particularly if Stromberg now slips behind target. But there is still a strong management team in the telecommunications business, and commitments to System X will underpin their strategy for some time to come.

Meantime, Plessey has been stepping up its development and marketing expenditure, pointing towards renewed momentum after a period when – allowing for the losses of Stromberg – telecom profits have not been moving very fast. It is fortunate that defence electronics has been scoring exceptionally well this year – with profits 55 per cent ahead so far, keeping Plessey firmly in the npper tier of the electronics sector.

Kwik Save

The Kwik Save formula shows no sign of faltering. With the competition easing off in the second six months, to August, trading margins rose to a record level, helping to push up pre-tax profits for the year by 16 per cent to £27.4m. Price inflation in the company's shops bottomed out at about 3½ per cent in the six-month period, with volume in new stores rising by 7 per cent and in existing locations by about 2 per cent.

The company's growth at present depends on the rate of physical expansion, with stores reaching optimum sales within two years of opening. The pace of expansion, with 39 net new stores last year, is set to be maintained in the coming 12 months, and there seem few obvious barriers to cootinued physical growth in the foreseeable future. The shares, which had edged downwards since the resignation of Mr Michael Weeks, the joint managing director, in the spring, have been strong performers in recent months and, at 325p, are standing on a p/e of 17, on the stated tax charges.

IBH given DM 1.5m bank credit lifeline

By John Davies in Frankfurt

IBH, the struggling West German construction equipment group, has received credit of about DM 1.5m ($562,000) to ensure that its operations can continue into oext mooth.

The credit has been granted by the private bank of Schröder, Münchmeyer, Hengst (SMH), which was rescued by the banking system earlier this month.

SMH was heavily involved in financing the IBH group, and its difficulties and subsequent rescue were quickly followed by IBH's decision to seek court protection from creditors under a procedure known as Vergleich (composition).

Under that procedure, IBH is seeking the approval of a court and of its creditors to write off 60 per cent of the group's debt and to restructure the group to enable a core of its activities to survice.

The DM 1.5m loan has been made in the form of a credit through Dr Wolfgang Petereit, the court-appointed administrator.

Crucial talks on the future of IBH – which were to bave taken place yesterday – bave been postponed until today.

The talks involve SMH and, indirectly, the entire banking system on the one hand, and Herr Horst-Dieter Esch, founder and chief executive of IBH, on the other.

Herr Esch met bankers last week for preliminary talks and it was agreed that a further meeting would be held so that the bankers could give their views oo his proposals for the group's future.

Meanwhile, Kaltenegger, one of the smaller but profitable companies in the IBH group, bas received a credit of DM 2m to enable it to continue productioo.

Herr Ludger Westrick, the court-appointed administrator, said yesterday that the company, with 92 employees, could keep going for 12 months.

He said he had already been approacbed by eigbt prospective buyers from West Germany and the UK but felt under no time pressure to negotiate. His concern was to ensure continued production at Kaltenegger, wbich makes compactors.

Herr Westrick said tbat Kaltenegger's total debt was about DM 10m. Some DM 1.2m was owed to IBH and the rest to supoliers and financial institutions.

Gatt chief warns U.S. against widening scope of trade talks

BY ANTHONY MCDERMOTT AND CHRISTIAN TYLER IN GENEVA

THE U.S. was cautiooed yesterday against pressing too far and too fast for widening the scope of international trade oegotiations.

The warning came from Mr Arthur Dunkel, director geoeral of the General Agreement on Tariffs and Trade (Gatt), the Geneva-hased organisation governing internatiooal trade.

He said a number of trade problems within the Gntt's orbit still had to be resolved, and meticulous preparation would be necessary before global negobiabons could get under way.

He also pointed out that Third World countries, in opposition to recent U.S. initiatives, bad suggested that a new global round of trade talks should take place. These should be similar to the Multilateral Trade Negotiations that culminated under the Gatt in 1979.

The U.S. bas taken the lead among main industrial nabons in pressing other nations to open their doors to trade in services and high technology.

It also wants the Gatt to frame new rules for the control of trade subsidies, expecially oo agricultural exports.

But Mr Dunkel said yesterday that he was wary of such initiatives.

"I consider the best approacb to the U.S. requests is to go on exploring, without prejudging the answers. We bave a good deal of very serious problems relating to trade in goods which are incontestably in Gatt's area of activity."

He did not rule out the chance of a new round of global talks, provided Gatt was able to complete the wide range of studies set for it – some of them embracing the latest U.S. inibiabves – by last November's inconclusive special conference of its 90 member-states.

Certain anomalies in the proposals existed, such as U.S., British and Japanese superiority over developing countries in such issues as trade in services and high technology, he noted.

There was also the continuing climate inside the U.S., where protectionist pressures continued to huild ahead of oext year's presidential election. The traditiooal free-trade lobbies bave lost strength, Mr Dunkel said, and there is a feeling that the system is working against them – for example in settlement of disputes brought before Gatt.

The prohlem was a lack of clear-cut consensus of the meaning of the basic Gatt rules, Mr Dunkel said. These had to be re-examined.

The Gatt chief's remarks coincided with statements in Tokyo yesterday saying that Japan would push for a oew round of multilateral trade negotiations to check growing protectionist moves in developing and industrialised countries.

The Japanese posibon emerged during last week's historic meeting in Tokyo, between Mr Ronald Reagan, U.S. President, and Mr Yasuhiro Nakasone, Japanese Prime Minister.

Mr Dunkel said he was more optimistic than before about the internabonal trading climate.

Soviets 'offer new warhead formula'

By Bridget Bloom in London

THE Soviet Unioo is understood to have put forward a new proposal at the Geneva arms control talks which for the first time would not involve, a direct link between deployment of their own nuclear missiles and those of the independent British and French systems.

According to reports apparently originating in Geneva, Mr Yuli Kvitsinsky, the Soviet negotiator, floated the proposals in what is believed to have been an informal meeting with Mr Paul Nitze, his U.S. counterpart, last weekend.

The proposals have reportedly not been formally made, althougb the two delegations met for just over two hours yesterday in formal session and have agreed to meet again oext Wednesday.

Mr Kvitsinsky is said to have suggested that the Soviet Union would rednce the number of its SS-20s deployed against Europe to 122. That would be a total of 366 warheads, considerably less than the most recent Soviet offer of 420.

It is also suggested that the Soviet proposal drops the formal insistence that the SS-20 warheads should be matched one for one against warheads in the British and French nuclear forces.

Western officials last night said, however, that the proposals appeared unacceptable for two reasons. They were conditional on there being no deployment of the new U.S. cruise and Pershing missiles, while the conditions relating to the British and French systems were npparently ambiguous.

In particular, Moscow is still said to be demanding some compensation for the British and French forces. According to one official, it was therefore the same package in a different wrapping.

The U.S. is apparently uncertain of the precise status of the proposals, given the informality with which they were transmitted, and has made no formal reply to them.

U.S. reticence may also be partly due to the critical debates taking place in West Germany in the next few day over the missile issue. It may be judged, for example, that the opposition SPD might find attractive a proposal that ostensibly reduced the SS-20s to a much lower number

Earlier story Page 2

Spanish threat to cut French imports

BY DAVID WHITE IN MADRID

SPAIN has issued a veiled threat to France that it will cut back on government purcbases of French goods unless Paris adopts a more favourable stance towards Spanish membership of the EEC.

The main sector which would potentially be affected is Frencb military exports

Sr Felipe Gonzalez, the Spanish Prime Minister, yesterday denied reports that the Madrid Government bad decided to block imports from France, but added: "From the point of view of the Spanisb Government, there is no doubt there will be political criteria, and not just economic ones, in international purchases."

The hint, made through a Spanisb newspaper, of a possible trade reprisal against the Mitterrand Administration for obstructing Spain's entry negotiations comes after a protest walk-out by Spanish socialist party representatives at the French socialist conference

It coincides with negotiations for a major anbi-aircraft missile contract, in whicb the Franco-German Roland is competing with Britain's Rapier, and for a tank project, involving partnership with either the French or the West Germans.

Sr Gonzales would not say whether defence deals would be affected, hut made clear that the Government would calculate its requirements "both from the defence point of view and from the political point of view."

While Madrid is trying to increase pressure on France to enable the conclusion of EEC entry talks in 1984, it is clear that a bilateral war would not be in Spain's interests.

France is by far Spain's biggest client, producing a growing trade surplus. French figures show a surplus in favour of Spain of FFr 3.6hn ($442m) in the first nine months of this year, some 40 per cent more than in the whole of 1982.

Since it applied for EEC membership in 1977, Spain's exports to France, led by cars and fruit, bave tripled in peseta terms. France, however, takes only third place among non-oil suppliers to the Spanish market.

Demand for labour reform rejected, Page 2

Senate lifts debt ceiling

Continued from Page 1

Action is still possible on tax and spending measures which, in the House for example, aim to raise $10bn to cut deficits over the next three years. But Senator Robert Dole has signalled defeat for his well publicised moves to spread $150hn of budget-cutting moves over the next three years. Even n slimmed down version of his Bill is not expected to be hrought to the Senate floor.

Many Congressmen were yesterday trying to throw the hlame for the paralysis on the budget deficit front on President Ronald Reagan's refusal to countenance tax increases. But political priorities and the forthcoming presidential election are the main influences behind the reluctance in the White House and on Capitol Hill to push for measures which would have to cut government spending and raise taxes if suhstantial budget-cutting moves were to be put into effect.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	13	55	Dubrovnik	C	14	57	Malaga	C	19	66	Salzburg	S	6	43
Akrotiri	S	22	72	Faro	C	19	66	Malta	S	23	73	Seoul	S	-2	28
Algiers	F	25	77	Florence	C	9	48	Manila	C	30	86	Singapore	C	31	88
Amsterdam	C	4	39	Frankfurt	C	5	41	Miami	S	25	77	Stockholm	S	-3	27
Athens	S	10	50	Funchal	F	20	68	Milan	F	5	41	Strasbourg	S	5	41
Bahrain	S	27	81	Geneva	S	4	39	Moscow	Sn	-6	21	Sydney	S	19	66
Bangkok	C	28	82	Gibraltar	S	13	54	Munich	S	4	39	Taipei	S	20	68
Barcelona	C	14	57	Guernsey	C	10	50	Nairobi	-	—	—	Tangier	F	20	68
Beirut	S	26	79	Helsinki	S	-7	19	Naples	F	14	57	Tehran	-	—	—
Belgrade	S	5	41	H. Kong	S	25	77	New Delhi	S	26	79	Tel Aviv	S	27	81
Berlin	Fg	4	39	Innsbruck	S	3	37	New York	S	15	59	Tenerife	F	25	77
Biarritz	C	11	52	Inverness	C	8	46	Nice	F	10	50	Tokyo	S	21	70
Blackpool	C	8	46	Istanbul	-	—	—	Oporto	F	16	61	Toronto	R	5	41
Bordeaux	S	9	48	Jersey	C	10	50	Oslo	S	1	34	Tunis	S	22	72
Brussels	C	8	46	Jo'burg	S	17	63	Paris	C	8	46	Valencia	C	16	61
Budapest	S	6	43	Las Palmas	C	22	72	Prague	C	2	36	Venice	C	5	41
B. Aires	C	23	73	Lima	S	22	72	Reykjavik	C	5	41	Vienna	S	5	41
Cairo	S	28	82	Lisbon	F	16	61	Rio de J'o	C	31	88	Warsaw	F	1	34
Cape Town	-	—	—	Locarno	C	5	41	Rome	R	11	52	Zurich	S	3	37
Caracas	S	29	84	London	C	9	48								
Casablanca	C	21	70	Los Angeles	S	20	68								
Copenhagen	S	2	36	Luxembourg	C	5	41								
Corfu	-	—	—	Madrid	R	14	57								
Dublin	C	10	50	Majorca	F	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Lloyd's warns on reinsurance abuse

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE RULING authorities of the Lloyd's insurance market have been urged to stop professional underwriters from laying off risks of their insurance syndicates with companies io which they are shareholders. Lloyd's bas been warned that abuses can arise in these trading relationships.

The recommeodabon is contained in a 231-page internal report prepared by a committee of inquiry, led by Mr Anthony Colman Q.C. and Mr Stepbeo Hailey, an accountant with Arthur Andersen. It could lead to a major structural upheaval in Lloyd's.

The inquiry team bas been investigating the relationship of syndicates under the management of Mr Raymond Brooks and Mr Terence Dooley with the Fidentin Marina Insurance Company of Bermuda.

The inquiry team has found that large sums of the syndicates' funds have been channelled to the Fidentia in the form of reinsurance contracts. Fidentia was set up by Mr Brooks in 1970 and earned a net gain of £6.2m over a 13-year period, deriving a large amount of business from the syndicates. Fideotia was controlled by Mr Brooks and Mr Dooley.

The committee of inquiry has found that transactions were arranged from the syndicates to benefit Fidentia over the period and found that the two men abused their fiduciary duty to the syndicates. In the opinion of the inquiry team there has been "substantial misconduct" under Lloyd's by-laws by the two men. Lloyd's has yet to decide whether disciplinary actioo is necessary. The investigators say that the Fidentia affair "illustrates the unavoidable perils associated with related party reinsurance transactions."

They add: "We therefore strongly recommend that as soon as possible Lloyd's should impose a comprehensive prohibition on all future related party reinsurance transacbons."

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FINANCIAL TIMES
Friday November 18 1983

World-wide surge in business boosts profits at Hoechst

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical group, is making a strong recovery this year, with world-wide profits bounding ahead by 87 per cent in the first nine months.

The group's pre-tax profits to the end of September reached DM 1.32bn ($494m), compared with DM 709m in the same period last year.

The parent company reported a strong but less dramatic increase of 38 per cent in pre-tax profits to DM 659m.

Hoechst said yesterday that its worldwide results were boosted by improved earnings at major subsidiaries in other West European countries and in North America.

Hoechst – like the other big West German chemical groups, BASF and Bayer – suffered a profits setback last year and all three cut their dividends.

But the chemical industry has been showing signs of recovery since late last year, with even the long-ailing plastics sector beginning to pick up, and all of the big three groups have been making higher profits.

Hoechst, in which Kuwait has a stake of slightly more than 24 per cent, cut its dividend last year less sharply than other groups – from DM 7 to DM 5.50 per DM 50 share.

Prof Rolf Sammet, the chief executive, has so far avoided giving any clear indication of dividend prospects for this year.

Hoechst increased its worldwide sales revenue in the first nine months of this year by 4.3 per cent to DM 27.36bn, while the parent company's sales were up by 3.5 per cent to DM 9.6bn.

It boosted the volume of sales worldwide by 7 per cent, with the biggest improvements occurring in crop protection materials, pharmaceuticals, plastics and synthetic fibres.

Sales revenue increased more than proportionately in North America and in Asia. Sales in Central and South America improved in terms of local currencies, but declined in D-Mark terms.

Hoechst said the improved state of business in the first half of this year continued in the third quarter, both on the home market and abroad. Business was also going ahead well in the present quarter, it said.

With higher demand, the parent company has sharply reduced its stocks and has increased its capacity utilisation, which reached 73 per cent in the September quarter, compared with only 63 per cent a year earlier.

The parent company has reduced its workforce by 1.2 per cent over the past year.

Closures to hit Union Carbide earnings

By Terry Dodsworth in New York

UNION CARBIDE, the third largest U.S. chemicals company, is to take a $140m charge in the fourth quarter against the cost of closing some of its ageing chemicals and plastics plants.

The main impact of the write off will be felt by a group of ethylene facilities built in the early 1950s, and accounting for around 1bn lb of capacity in Texas City and Taft, Louisiana. A high pressure polyethylene unit at Seadrift, Texas, is also to be shut down.

Several of the plants were temporarily closed down earlier this year.

Union Carbide said yesterday that the financial charge ought to improve earnings next year as the group gained the advantage of more cost effective manufacturing processes for these products. Net profits, however, will take a severe knock from the write off, which will amount to $2 a share against nine month earnings of $2.71.

In the third quarter, Union Carbide, which also manufactures batteries and a range of metals and gases, showed a strong growth in underlying profitability, with pre-tax profits rising from $26.2m a year ago to $115.2m.

The closures are part of a long-term programme to move the group away from low margin commodity products to more specialised chemicals activities. Earlier this year, it agreed to sell its 50 per cent stake in Unifos Kemi of Sweden.

Peter Montagnon, recently in Lisbon looks at plans to revitalise domestic banking

Banks wary on Portugal's invitation

THE Portuguese Government, judging by its latest pronouncements, regards the opening of its banking industry to foreign institutions as an invitation to join a very exclusive club.

Sr Antonio de Almeida, undersecretary at the Treasury, told local journalists recently that foreign banks would have to put up capital of Esc 2bn ($16m) to open a branch and Esc 3bn for a locally incorporated subsidiary. Although these figures have not been finally confirmed by the Cabinet, they already show that Portugal wants to charge a far higher entry price to foreign banks than did its neighbour Spain in 1978.

It would be easy to conclude that this high price reflects a huge interest on the part of foreign banks in getting a toehold in Portugal, one of the last markets left in Europe that is still effectively closed to new foreign banks. Those already there – Crédit Lyonnais through its Crédit Franco-Portugais subsidiary, Lloyds through the Bank of London and South America, and Banco do Brasil – have a long established presence. Next year, when the market is opened to others, a flood of applications to open branches could be expected; at least, that is the impression Portuguese officials like to give.

Underlying this, however, is a sense of ambivalence held privately on both sides. Sr Ernani Lopes, Portugal's Finance Minister, wants to use the advent of the foreign banks to shake up the country's hidebound and conservative domestic banking system. New foreign banks are supposed to be the catalyst of a process that will wrench Portugal's financial markets into the second half of the 20th century, making them "more competitive, more specialised and, above all, more consistent with the needs of the economy."

For their part, foreign banks looking at Portugal may well be jealous of the juicy gross margins – estimated at around 10 per cent – available on domestic escudo lending. But whether they are prepared to be dragged into the country's economic modernisation process is another matter.

Officials in the finance ministry in Lisbon estimate that about ten foreign banks are actively interested in opening a branch in Portugal. Foreign bankers, on the other hand, tend to dwell on the problems, rather than the advantages of such a step.

Quite apart from anything else, they point out that the Portuguese market is very small and, with nearly 1,400 branches for a country of 10m people, Portugal is already over-banked. Dr Artur Santos Silva, president of the Sociedade Portuguesa de Investimento, has calculated that a bank controlling all the country's domestic banking business would still not take it into the ranks of the 100 largest banks in the world.


Sr Lopes: Government regards move as entry to a very exclusive club

Then there is the question of funding. Foreign banks will not be able to establish a large branch network and will be dependent on what is at present an almost non-existent interbank market for their funds. Even if such a market is developed to meet their needs, the cost of funds to foreign banks will be higher than that of domestic institutions. Gross margins will be lower, at perhaps 4 or 5 per cent and, with a high capital requirement, banks will need to build up their balance sheet quickly at a time of general credit restraint.

Under the terms of its programme with the International Monetary Fund, Portugal is restraining domestic credit expansion to 29.7 per cent this year and 22.6 per cent next.

Credit ceilings on domestic banks are now being applied so tightly that their business is said to be contracting in real terms. Yet, according to one British banker, foreign banks will rapidly need to build up a balance sheet well in excess of Esc 20bn to justify an investment of Esc 2bn in capital – all the more so because this capital is likely to be constantly eroded by devaluation.

So why then are they expressing an interest in opening up in Portugal? Mr Tony Cavaco, representative of Chase Manhattan in Lisbon, says: "We want to serve our multinational companies that are in Portugal and explore the possibility of public companies that we work with as well."

This is a far cry from the ambitions of the Government, which would like to see the foreign banks mobilise venture capital for the development of new small and medium-sized industries, as well as introducing more professional methods of credit analysis and money market techniques. Foreign banks are thus expected to act more like investment banks than commercial lenders.

The approach by the banks implies a quick return on traditional types of business, that of the Government a long-term slog as foreign banks participate fully in Portugal's aspirations to become a fully developed member of the European Community. This obviously requires a heavy commitment to the country, and an expensive one when most international banks are now looking for a speedy improvement on their return on capital.

Setting a high entry price may indeed be a deliberate ploy on the part of the authorities to attract only those banks prepared to make such a long-term commitment. In an initial batch only about three banks are expected to be allowed to open a branch next year.

But the high price may also reflect the fact that Portugal itself will have to make some sacrifices to accommodate the foreign banks. To succeed in developing a money and capital market, the foreign banks will not only have to break the stranglehold of the nationalised banks on domestic business. They will also have to break the monopoly the Bank of Portugal

The opening of its banking market represents one major price that Portugal will have to pay to join the EEC but, says a senior finance ministry official: "Even without the EEC we must modernise. Otherwise we couldn't keep up the (economic) growth rates that we had in the past." Next year, when Portugal does let in the foreign banks, the Government will find out what price the banks are prepared to pay in meeting that objective.

Schloemann-Siemag orders fall steeply

BY JONATHAN CARR IN DÜSSELDORF

SCHLOEMANN-Siemag, the West German engineering concern, which is part of the GHH group, faces another lean year after suffering a sharp drop in orders and sales in the year to June 30 1983.

Herr Heinrich Weiss, the executive chairman, told a press conference that group orders had slumped to DM 1.1bn ($412m) from DM 2.3bn in 1981–82, and sales to DM 1.2bn from DM 1.7bn.

The company's results, like those of other industrial plant makers, are subject to large year-on-year fluctuation, and the 1982–83 order figures do not include a big Indian contract covered by a letter of intent.

But even after taking that into account, Herr Weiss stressed that world demand for steel plant and processing machinery was exceptionally low and battles were fierce for the few orders available. These were coming mainly from the developing world, above all Asia, where Japanese competitors were especially strong.

Herr Weiss warned that the parent company would be hard put to match last year's orders intake worth DM 520m – down from DM 1.4bn in 1981-82. Parent sales dropped to DM 500m last year from DM 780m, although net profit was roughly maintained at DM 28.8m, mainly because of a sharp cut in materials costs.

In the longer term Herr Weiss saw a better outlook on several markets.

In Eastern Europe some customer countries were reducing their debt and thus laying the groundwork for renewed capital investment. Soviet demand was also likely to rise with the start of the new five-year plan in 1986.

The steel industries of Western Europe and the U.S. were also likely to become better customers as they carried out essential and, in some cases long overdue, modernisation.

Schloemann-Siemag was particularly confident about prospects in the plastics processing machinery sector where its subsidiary, Battenfeld, is one of the world's top producers.

Last year orders to Battenfeld were worth DM 473m, hardly below the 1981-82 level.

Texaco backs Gulf in row over reserves

By William Hall in New York

TEXACO, the third largest U.S. oil company, has come out in support of Gulf Oil in its fight with a band of dissident shareholders who want Gulf to spin off a substantial part of its domestic U.S. reserves in the form of a royalty trust, whose revenues would flow directly to Gulf shareholders.

Mr John McKinley, chairman of Texaco, told a meeting of analysts on Wednesday that his company, in common with other oil majors, had studied the concept of royalty trusts and concluded: "We simply do not see it as an advisable thing for our shareholders or our company."

Mr McKinley is the first important oil industry executive to speak out publicly against royalty trusts.

Rekston fleet to be refloated

BY ANDREW FISHER, SHIPPING CORRESPONDENT IN LONDON

FIVE LARGE tankers from the former Reksten fleet are to be offered through a new Norwegian company to local and foreign investors in a NKr 342m ($46m) venture. The idea is to attract investment in the tankers at current low prices and benefit from the hoped-for improvement in the market.

The new company, to be called R/A Arken, will involve Hambros Bank of the UK, with a direct 7.5 per cent stake, and an indirect one through its 36 per cent ownership of R/A Trajan (the successor company to the collapsed Reksten group), which will also have 7.5 per cent.

Hambros was heavily involved with Reksten in the 1970s and earlier this year sold a large holding in Hambro Life, in part to cover large shipping provisions. These have mounted to between £60m and £70m ($104m).

Arken is to be listed on the Oslo stock exchange in May.

Preussag rights issue

BY OUR FRANKFURT CORRESPONDENT

PREUSSAG, the wide-ranging West German industrial concern, is raising DM 195m ($73m) in new capital through a one-for-seven rights issue.

It is issuing 1m shares with a nominal DM 50 value at a price of DM 195. On the stock market, its shares have been trading this week at over DM 260.

Preussag, whose activities include metals processing, mining, oil drilling, chemicals production and transport, said the capital increase was to strengthen the internal financing of its operations.

The new shares will qualify for a dividend from the beginning of next year.

First-half gain for St Gobain

By David Marsh in Paris

SAINT-GOBAIN, the diversified French nationalised glass-maker and pipe-manufacturer, registered a group net profit of FFr 74m ($9.1m), including the exceptional costs of pulling out of the information technology business, in the first six months of the year.

The profit was mainly the result of international activities, and compares with a net loss of FFr 673m in the same period of last year.

The results, announced yesterday, show a clear improvement in operating profits, which doubled to FFr 671m in the first half.

Excluding the costs of the computer pull-out, Saint-Gobain made a profit on trading of FFr 230m in the first half, against FFr 138m (made on a new accounting basis) in the corresponding period last year.

The improved results mirror the generally better performance by the bulk of French state-owned industrial groups this year.

Consolidated sales rose by 14 per cent in the first half to FFr 27.8bn, or a 10 per cent rise on a comparable basis.

The improvement continued over the third quarter with the first nine month sales up 15 per cent to FFr 38.1bn.

The company said its industrial profit for the whole of 1983 – not including the losses on the computer withdrawal, most of which were entered in the 1982 figures – would show an increase on the FFr 257m registered in 1982.

The improved performance took account of the impact of Saint-Gobain's recently acquired 20 per cent stake in Compagnie Générale des Eaux, the privately owned water distribution group.

Holzmann warns of fall in U.S. orders

BY OUR FRANKFURT CORRESPONDENT

PHILIPP HOLZMANN, the West German construction company, has boosted activities in its domestic market and in Saudi Arabia, but has suffered a setback in the U.S.

The company, however, expects the total value of its building activity this year to be little changed on last year and it predicts satisfactory profits.

Holzmann increased its net profits last year by 30 per cent to DM 56m ($20.9m) and maintained its dividend at DM 10 per DM 50 share.

The value of its worldwide building activity reached DM 5.66bn in the first nine months of this year, up 2.6 per cent on the same period last year. Its business in West Germany rose 6.8 per cent to DM 1.76bn, while foreign activity was only marginally ahead at DM 3.9bn.

Holzmann said there was a strong rise in the value of work carried out in Saudi Arabia, on the basis of earlier contracts. But there was a decline in work and new orders in the U.S., where there were fewer construction opportunities in the energy and public works sectors.

Its West German business has been picking up sharply, with new orders in the first nine months of this year up 36 per cent on a year earlier.

Holzmann had total orders worth DM 8.98bn on its books at the end of September, 2.3 per cent less than a year ago. Its West German orders on hand were up 27 per cent at DM 2.22bn, but this did not fully offset a 9.2 per cent drop in foreign orders to DM 6.76bn.

The number of workers employed worldwide has risen by 8.7 per cent to 38,900, mainly because of hiring in Saudi Arabia.

ITT unit buys stake in Wall Street firm

By Our New York Staff

THE HARTFORD insurance group, part of ITT's Diversified Services Division, is to pay $75m for a 23 per cent stake in Thomson McKinnon, the Wall Street securities firm.

Thomson McKinnon, a major securities firm in the U.S., will market The Hartford's life insurance products. The insurance company, which is one the of largest property and casualty insurer in the U.S. as well as one of the major life insurers, said it had no plans to seek a controlling interest in the Wall Street firm which, until now, has been entirely employee-owned.

The deal will represent a sizeable capital injection for Thomson McKinnon, which will sell to The Hartford $75m of newly-issued shares and thereby boost its capital by about 55 per cent to over $210m.

Philips improvement below expectations

BY WALTER ELLIS IN AMSTERDAM

PHILIPS, the Dutch electrical group, enjoyed a sharp rise in sales of lighting equipment, batteries and industrial supplies which lifted third quarter earnings by 29 per cent, to Fl 103m ($35m). Sales overall were up 11 per cent, to Fl 11.2bn.

Net profit in this years' second quarter increased by only 4 per cent and hit the group's share price on the Amsterdam exchange. Yesterday, in spite of a clear improvement, the price fell yet again, to close Fl 2.80 down, at Fl 40. A bourse analyst said that the published figures, though up on April-June, were still below expectations. Third quarter results in 1982 were unusually weak, and this has flattered the position this time round.

Philips held yesterday to its forecast for 1983 as a whole, made in August, of an improvement in sales volume of around 4 per cent – slightly down on the original prediction of between 4 and 5 per cent. A main reason for the continuing caution is the relatively poor performance by the sound and vision sector which, despite picking up in the third quarter, is down in sales this year compared with the first nine months of 1982.

Last week, Philips sought to reassure investors and dealers that it would continue to develop and market its V2000 home video system. Now enjoying a 15–20 per cent share of the European video market. But at the same time it confirmed that it would soon begin manufacturing recorders employing the rival VHS format for distribution "in the first instance" outside Europe.

This has created a measure of uncertainty. Philips has invested a great deal in the V2000 range, and there is little sign as yet of any real return.

Philips' own comment was that trading profit in the sector was "under pressure as a result of less favourable sales development."

Lighting, on the other hand, especially lightbulbs, continues to be a vigorous sector for Philips. The takeover of Westinghouse's lamp activities in North America this year has further consolidated the group's position in this area, adding substantially to trading profit. Electronic components also sold well, as did integrated circuits. Professional systems sales have made their mark this year, with medical systems making an outstanding contribution.

Geographically, sales increased in Western Europe in spite of declining expenditure and lower foreign exchange rates in several countries. In the U.S. and Canada, the economic recovery and the strong position of the dollar had a positive effect on sales.

INTL. COMPANIES & FINANCE

Santos plan for Reef and Basin accepted

By Lachlan Drummond in Sydney

THE NATIONAL Mutual Life Association and BT Australia, the merchant bank, have accepted the compromise proposals put forward on Wednesday by Santos on their rival bids for Reef Oil and Basin Oil, two small participants in the Cooper Basin oil and gas field development.

Under the Santos proposals, tho National Mutual-BT joint bid for Basin Oil will be increased from A$2.15 (U.S.$1.97) to A$3.20 per share, valuing Basin at A$83m against A$56m, while the Santos cash offer for Reef will be raised from A$1.65 to A$2.30 per share, or from A$59m to A$82m.

Santos will also drop its takeover bid for Basin, while the National Mutual and BT will withdraw thoir offer for Reef.

Moanwhile, provided they achieve the level of acceptances which will allow compulsory acquisition of outstanding shares in Basin, tho National Mutual and BT will tender their combined 90 per cent in Reef to Santos.

Because of the 19 per cent stakes they already held in Reef and Basin, when they launched their bid, the National Mutual and BT will bave to receive acceptances from 75 per cent of remaining shareholders to achieve the aim of compulsory acquisition — a task made difficult by the Santos counter-offers but which should now be achievable for Basin under the scheme worked out by Santos.

● Australian professional accountancy bodies have strongly recommended that all companies present correot cost accounting (CCA) financial statements as a supplemont to their existing accounts. But the recommendation will not bo binding, writes **Colin Chapman.**

In Britain, tho U.S., Canada and New Zealand, CCA financial statements are mandatory but the Australian Institute of Chartered Accountants and the Australian Society of Accountants said that some experiment was needed first before considering it as a requirement. "The profession sees this statement as a positive lead to business, to accountants, to governmeot and to the public, on the need to recognise changing price levels in reporting and decision making," the two bodies said.

Strong advance in sales and profits for Kyocera

BY YOKO SHIBATA IN TOKYO

KYOCERA, Japan's leading ceramic integrated circuit (IC) maker with 70 per cent of the world market, boosted sales and earnings strongly in the first half year ended September 30, thanks to growth in domand for electronic parts and IC packages.

Half-year parent company pre-tax profits jumped by 45.6 per cent to Y24.1bn (US$ 102m) and net profits were 37.6 per cent higher at Y11bn. Sales were Y93bn up by 63.9 per cent from the previous year.

Profits per share were Y119.38 compared with Y86.77 in the comparable period in 1982, and the company increased its interim dividend by Y5.85 to pay Y25.35.

The sharp rise in sales and oarnings was aided by the absorbtion of four subsidiaries into the parent company effective from October 1 1982.

During the half year sales of ceramic components to industrial machinery manufacturers rose by 29.2 per cent to account for 8.1 per cent of turnover. Sales of IC packages, the company's mainstay, went up by 8.9 per cent to account for 36.5 per cent of the total. However, reflecting the move towards plastic packages, the proportion of ceramic based IC's declined to 36.5 per cent of all IC sales from the previous year's 54.9 per cent.

The company covered itself against the impact of this move towards plastic package by boosting production with a sharp expansion of 64k production.

Sales of jewellery almost doubled to account for 4 per cent of turnover, thanks to successful sales of Crescent Vert artificial rubies. Sales of biomaterial fared well, up by 20.2 per cent to account for 1.0 per cent, indicating prospects of good future sales of artificial teeth.

Vigorous sales lifted Kyocera's pre-tax profits by 45.6 per cent. The company set aside Y1.5bn against the losses at a subsidiary, Cybernett, in Germany.

Full-year sales are expected to reach Y213bn, up by 80 per cent from the previous year. Pre-tax profits are projected at Y51bn, up by 47.7 per cent and net profits at Y23.9bn, up by 39 per cent.

The company plans to increase the annual dividend by Y11.71 to pay Y50.70.

Losses at Japanese oil refiners

BY OUR TOKYO STAFF

EIGHT out of Japan's nine oil refiners incurred large losses in tho first half year ended September 30, affected by a sharp fall in prices.

During the six months, the fall in oil volume sales finally bottomed out, reflecting an upward trend in economic activity. Partly because of tho crudo oil price cut by the *Organisation of Petroleum* Exporting Countries (Opec) early this year, and partly because of intensified selling competition, oil refiners marked down selling prices of oil by between Y5,000 and Y10,000 per kilolitres (a kilolitre equals 6.29 barrels).

As a result, value sales for each refiner fell by between 5 per cent and 20 per cent. Rofiners tried to draw down slow-moving old inventories with higher prices under old contracts. However, the market price fall was far sharper than the crude price cut, which severely depressed earnings.

Maruzen Oil, which was busy trying to avoid being delisted from the Tokyo stock exchanges, and is to merge its refining facilities with Daikyo Oil, managed to report net profits of Y14bn ($60m), mainly due to earnings on sales of assets during the half-year. The company plans to raise Y20bn from assets sales in addition to the Y20bn net profits from operations projected for the current half-year.

The company's full year's net profits are expected to total Y54bn, which should cover its cumulative loss.

However, as from the beginning of November the oil market has again softened, so Maruzen can no longer be certain of making Y20bn net on its operations as forecast earlier.

For the current half year, all the other refiners expect to register profits large enough to cover their first half losses and hope to bring full-year net profits up to the level of the previous year.

REFINERS' FIRST-HALF PERFORMANCE

	Sales (barrels per day)	Percentage change	Sales Ybn	Percentage change	Net losses Ybn
Nippon Oil	813,000	11.9	1,534	− 3.7	6.8
Idemitsu Kosan	600,000	−3.2	1,186	−13.9	14.3
Kyodo Oil	576,000	2.5	1,142	− 7.9	4.5
Maruzen Oil	362,000	−8.1	748	− 7.4	13.9†
Mitsubishi Oil	279,000	5.0	580	− 8.2	11.6
Daikyo Oil	276,000	4.7	576	− 2.8	6.4
General Oil	162,000	−2.2	346	−10.2	2.8
Kowa Oil	138,000	−7.9	226	−19.1	6.6
Kyushu Oil	110,000	−3.7	201	−12.2	1.8

— Percentage fall. † Profit.

Korea acts to support stock market

SEOUL—The South Korean Finance Ministry has ordered the Korea Securities Finance Corporation (KSFC) to provide 20bn won (US$25.3m) in soft loans to securities firms to support the flagging stock market.

The decision was taken as trade volume foll sharply to 4.3m shares on Monday and Tuesday from an averago of 8.4m last week, with the composite index falling below the psychologically important 120 level on Tuesday to 119.95.

Yesterday, when KSFC began providing money to securities firms wishing to buy shares, volume jumped to 12m shares with tho composite index gaining 1.27 to 121.22. The index foll to 120.46 yesterday

Reuter

Dhaka to privatise two banks

BY JOHN ELLIOTT IN DHAKA

TWO state-owned banks in Bangladesh are to be de-nationalised soon in line with the policy of the martial law Government to boost private sector industry and commorce and to rednce the size of tho public sector.

Private sector insurance companies are also to be allowed under an extension of the policy, expected to be announced early next month.

The banks are Puebli and Uttara, which were nationalised along with other financial institutions 11 years ago after the formation of the state

Puebli, formerly Eastern Mercantile Bank, has been valued at 160m takas (U.S.$6.4m) and Uttara, formerly Eastern Banking Corporation, at 200 takas. Both banks havo been turned into limited companies in the past two months and share issues are due next month.

The banks were nationalised partly because some major shareholders came from West Pakistan and left Bangladesh when Pakistan was split. Nationalisation was also in line with the socialist policies of the first Bangladesh Government.

Moves towards denationalisation were started in 1976 but have been accelerated since Lt-Gen H.M. Ershad seized power in March last year. Several private sector banks have been created since the public sector policy was relaxed, inclnding City, National, Arab Bangladesh, United Commercial and Islamic Bank. Foreign banks in Bangladesh, such as Grindlays, Chartered and BCCI Overseas, were not affected by tha nationalisation measures.

Shares in Puebli Bank are to be offered to its former owners, then Bangladesh citizens working abroad, before there is a general offer to the public. The former owners are arguing about terms, worried that the Government might hit the bank's business by withdrawing some of the public sector business which has helped Puebli to grow from 100 branches to 376 branches in the past 11 years.

They want only to put down 25 per cent of the total value of shares they buy, paying the remainder over five years. However, the Government wants a down payment of 50 per cent. The former owners include the Siddiqui and Namoraliratnam families.

While the future ownership of Puebli is still not clear, Uttara is expected to finish up in majority ownership of the Zahurul Islam family, which controlled it before nationalisation.

South African engineering group shows improvement

BY OUR JOHANNESBURG CORRESPONDENT

DORBYL, the heavy engineering group, increased operating profits in tha year to Septembor 30, despite South Africa's deepening recession. Operating profits before interest and tax rose by 3.3 per cent to R60.4m ($51.2m) from R58.5m.

In the past the directors have pointed out that heavy engineering generally lags behind tbe rest of the economy as the industry tends to rely on long-term contracts. Thoy now warn that tho recession has been deeper than previously expected and say that it is difficult to predict immediate business conditions with any degree of reliability.

However, the board says that although business activity will be at a lower level in the current financial year, it expects earnings to be maintained.

An unchanged total dividend of 51 cents has been declared, although earnings slipped to 175.7 cents a share from 189.6 cents.

Dorbyl is 51 per ceot owned by IPSA, which in turn is 40 per cent owned by the Anglo American group and 60 per cent by the Metkor Industrial Holding company.

● CNA GALLO, tho South African group which retails books and stationery and distributes recorded music, suffered from adverse retail trading conditions in the seven months ended September 30. Althongb turnover during the seven months was R125m, trading income fell to R7.2m.

The latest figures are not comparable with those of earlier trading periods, as CNA and Gallo wero merged on August 15 and tho former CNA companies bave reported for a seven-month trading period while the former Gallo companies have traded for a six-month period.

The directors say that apart from the generally difficult retail market, the CNA operations suffered a greater than expected level of shrinkage. The Gallo operations wera affectd by significantly lower sales of records and tapes to black consumers.

An interim dividend of 4 cents bas been declared from earnings of 9.7 cents.

Eightfold gain for Jack Chia

SINGAPORE,—Jack Chio MPH has reported a group net profit of S$3.8m (US$ 1.8m) for tha half year ended September 30—nearly an eightfold gain over last year's comparable figure.

The publishing and publications distribution group said the galn was laregly due to a stronger Australian dollar. Mr Jack Chia said pre-tax profit rose by 129 per cent, as a result of an exchange gain of S$2.7m against a loss of S$1.9m in the corresponding period last year. The exchange gains are not taxable.

Group turnover was flat, at S$33.7m.

The company said that to avoid further exchange risk, all the Australian dollar loans to associated companies in Australia were converted into Singapore dollar loans on September 30 of this year, with the Rustralian authorities' approval.

AP-DJ

Kwik Save pushes up profit and dividend: 100% scrip issue

INCREASES IN turnover and profit have been achieved by the Kwik Save Discount Group of grocery supermarkets in the year ended August 27 1983. The dividend is being lifted by 1p to 7p net, with a final of 4.7p, and shareholders registered December 14 will qualify for a 1-for-1 scrip issue.

Sales for the year moved up 13.2 per cent, from £491.34m to £556.2m, of which £289.27m came in the second half; while the pre-tax profit in that period was £15.07m to bring up the year's total to £27.4m, an advance of 16 per cent over the £23.62m achieved in 1981-82.

Net margins improved slightly during the year while the retail stock supply situation remained stable.

Because of lower interest rates net interest received declined from £1.98m to £1.56m. Concessionaire and other rentals rose by 18 per cent, from £4.54m to £5.38m, and continue to make an important contribution. Coleman Meat increased its profit significantly despite a small drop in turnover of manufactured products.

After tax £13.35m (£10.56m) the net profit attributable for the year came out at £14.05m (£13.06m) for earnings of 18.75p (18.06p) per share.

During the year 40 stores were opened and one closed, and at the year end 345 were operating. New store openings continued in established areas but a number were also opened on the south coast and north east England, where the group was not previously represented. The board is satisfied at the progress made in these two new areas and plans further openings both there and in existing areas in the current year, by the end of which the group should be operating in excess of 380 stores.

Also, trading commenced in the own wine and spirits units. By the end of the financial year, there were 17 stores, in which trade to date has been satisfactory. "We are now fully committed to expand this sphere of operation," the board states.

See Lex

West Kent Water issue

Laurie Milbank is offering for sale by tender £1,625,000 West Kent Water Company 6.25 per cent redeemable preference stock 1988 at a minimum price of £99.50 per £100 of stock.

A deposit of £10 per £100 nominal should accompany tenders, which should be sent to Deloitte Haskins and Sells' new issues department, to be received not later than 11 am on November 23. The balance will be payable on or before December 21.

● **comment**

The conventional gross yield on the West Kent stock is 8.97 per cent, while the fully grossed up franked investment yield is 13 per cent. These terms are slightly tighter than the two most similar recent offerings, the Sunderland and South Shields and the Bristol. The Sunderland is standing at a £2 premium with no stock offered, and the West Kent has the attraction for the discount houses of being virtually a short. So tenderers should pitch in at around three-quarters of a point above the minimum price.

Berkeley and Hay

A pre-tax loss of £181,735 was incurred by Berkeley and Hay Hill Investments, a USM stock, in the first six months of 1983.

There are no comparable figures. The company is engaged in management of property investments and a hotel. Rent receivable for the opening period was £128,750 and £361,225 from the hotel.

Group profit before interest broke down to property £1,190 and hotel £7,421. Interest payable less receivable was £190,346. Tax absorbed £394.

Amalgamated Estates

Acceptances have been received for 15.82 (86.28 per cent) new ordinary of Amalgamated Estates, provisionally allotted pursuant to a 1-for-1 rights issue at 7p per share.

The remaining 2.52m new ordinary not taken up have been sold in the market at a premium of 0.95p net of expenses over the issue price of 7p per share.

The net premium will be distributed to persons originally entitled thereto.

B. Elliott reduces losses to £1.95m

THE ACTION being taken by the directors of B. Elliott to return the group to profitability is taking longer to be effective than they would wish.

They blame the continuing harsh economic climate for capital goods but say they are confident that the group will see the benefits of the action in the coming 12 months.

Meanwhile, for the six months ended September 30 the machine tool group reduced its losses at the pre-tax level from £2.58m to £1.95m. To maintain trustee status an interim dividend of 0.1p per 25p share is being paid—no dividends were declared for the whole of the previous year.

Group turnover for the half year fell from £41.56m to £34.32m and trading losses totalled £1.05m, compared with £1.23m. Interest charges were reduced by £420,000 to £901,000.

In his interim statement Mr Mark Russell, the chairman, says the world-wide demand for machine tools is showing little increase but the much heralded improvement in the U.S. economy has enabled the group to obtain some encouraging orders for its UK factories in recent weeks. He therefore expects a better performance in the manufacturing division in the second half.

He points out that the group is continuing to operate well within its borrowing facilities and although up to now the stock reduction has been more than matched by a reduction in creditors, he would expect action taken to reduce worldwide borrowings substantially during 1984.

Tax for the half year took £22,000 (£61,000) but minorities added £145,000 (£109,000).

Loss per 25p share amounted to 10.64p (14.6p).

London Trust

Net asset value per 25p share at London Trust fell from 103.5p to 102.8p in the six months to September 30 1983. Earnings per share rose from 0.9p to 1.57p.

Pre-tax profits were up from £1.47m to £2.46m. After tax of £1.01m compared with £623,765, attributable profits emerged at £1.46m against £843,861. Gross revenue for the half was £5.44m (£4.44m). The interim dividend is unchanged at 1.25p—last year a final of 2.5p was paid.

The directors say the increased revenue and the maintenance of the interim dividend should not be taken to imply that the final dividend will be maintained at last year's level.

Gleeson profit jumps to over £3m

SECOND HALF profits from civil engineer and building contractor M. J. Gleeson Group have advanced from £1.13m to £1.85m. This gives a total of £3.14m for the year ended June 30 1983 compared with £1.81m, and the dividend is being raised from 3.?p to 4.5p, with a final of 3.2p.

Included in the profit is non-trading income comprising rents £600,000 (£478,000) and interest receivable £1.38m (£835,000). These much improved figures reflect the expected increase in rents receivable from investment properties and a larger amount of bank interest received in a year of high liquidity ratios.

Looking at the prospects for the group, the directors tell members of their confidence that good results can again be expected for the current year. And in the following year a policy of diversification should result in the safeguard of the group's profit prospects.

Turnover rose by £18m to £73m, much of this being attributable to the civil engineering contract in Nigeria which has progressed well to the halfway stage—no profit will be taken, however, until this substantial contract is nearer completion.

Other contracting turnover is also at a "somewhat higher level" but margins remain under pressure from price competition. The residential estate developments have done well and made an important contribution to profits, the directors state.

After tax £672,000 (£163,000) the year's net profit was £2.47m (£1.65m) for earnings of 24.65p (16.5p) per share.

The tax charge is higher because a cautious assumption has been made that group reliefs available in 1982-83 may be insufficient to prevent the incidence of corporation tax on the higher figure of non-trading income; furthermore, the charge includes advance corporation tax of £193,000 (£163,000) payable in connection with the relevant dividends.

Regarding current trading and future prospects, the directors say turnover should be at the same high level for 1983-84 and the trading margin may show an improvement (despite all the pressures on the industry at home) when the Nigerian contract is completed.

With the prospect also of another good year for house sales and maintained levels of profit contribution from non-trading income, they feel confident that good results can again be expected for 1983-84.

Looking further ahead, in the present climate of acute price competition for UK public works, the directors will continue the policy of not engaging in below-cost tendering. The group will maintain the search for more overseas contracts and for an increased share of the market in the private sector at home; and with customary caution the directors will expand the programme of industrial, commercial and residential developments wherever good opportunities for profit can still be found.

It may be, therefore, that turnover will decline in 1984-85 but, with better trading margins and careful control of establishment overheads this policy of diversifications should safeguard the group's profit prospects.

● **comment**

The news that Mr Ron Sebuck has sold 4.9 per cent of his 7.3 per cent shareholding in Gleeson may depress the share price by disappointing those who were looking for some takeover action. But anyone who has been watching the changing direction of the company should be pleased with the 73 per cent increase in pre-tax profits and the 18.4 per cent increase in dividend for the year. Gleeson has a £9.5m commercial property development programme, mainly in the South East, with an option to let already obtained on the largest site at Woking. On the residential side, it built around 150 units last year and is moving successfully into the first home market with good margins. Turnover on the civil construction side is expected to be about the same this year on a £65m order book. With public sector capital spending so low it is concentrating on private sector work, particularly the refurbishment of 1950s and 1960s office blocks with leases coming up for renewal. Gleeson is also hoping to negotiate further contracts overseas where margins are still attractive. It is well pleased with the £35m Nigeria contract. At 192p down 2p the shares yield 3.4 per cent and stand on an actual tax p/e of under 8.

S. R. Gent sees continued growth as sales rise 15%

UK SALES for the first 19 weeks of the year to November 11 1983 had increased by 15 per cent, Mr Sidney Mason Marks, chairman of S. R. Gent told members at the annual meeting. He was confident of continued growth in 1983-84 and said that the outcome for the year would be good.

In the last full year pre-tax profits of this clothing manufacturer came to £5.18m on turnover of £70.2m.

The performance of overseas subsidiaries and related companies in the year to date had progressed according to plan. The group is continuing to invest in new technology and modern manufacturing facilities.

Talks are under way which could see this Marks and Spencers supplier making its first move into knitwear.

Joint chief executive, Mr Peter Wolff said after the meeting that the group was talking to two small fashion knitwear manufacturers, both privately owned. The consideration if one of the deals went through would not be large, but "knitwear is the one missing link at the moment. It would co-ordinate with everything we sell. The secret these days is to offer a complete package."

The move would be the first acquisition since the company went public in June.

Marks and Spencer still represent 90 per cent of Gent's business. But this was a percentage the directors say they would like to see gradually reduced. "It would take some years but the figure we are looking for is probably around 75 per cent," said Mr Marks.

Harvard Secs. takes Brewmaker to USM

Harvard Securities, over-the-counter specialists, are bringing a company to the Unlisted Securities Market for the first time.

In conjunction with brokers Sternberg Thomas Clarke, Harvard will offer 4.22m shares for sale in Southampton-based Brewmaker at 33½p per share. This will raise £1.4m for the company, which is the leading manufacturer of home brewing kits.

At the offer-for-sale price Brewmaker will be capitalised at £5.85m.

In 1982 Brewmaker made pre-tax profits of more than £300,000, on turnover of £4.1m, while in the seven months to July it made £236,000 pre-tax. The offer for sale will contain a forecast of pre-tax profits of not less than £600,000 for the 13 months to January 1984.

That forecast will put the shares on an actual tax annualised prospective multiple of almost 18.

Wm. Boulton disappoints after contract delays

THE YEAR ended June 30 1983 has been disappointing for the William Boulton Group, with delays in overseas contracts and the uncertainty surrounding the General Election "undoubtedly having an adverse effect on trading."

At the trading level the group improved its profit from £442,000 to £503,000. But after exceptional costs up from £151,000 to £314,000, depreciation £301,000 (£349,000) and interest charges £675,000 (£790,000), there is a pre-tax loss of £787,000, compared with £648,000.

The results have not turned out as expected in March, when the interim statement was issued. Then the directors reported a pre-tax loss of £341,000, but expected a profit in the second half and were hopeful that the full year could be profitable, before taking into account any profit on asset disposals.

Most group companies are forecasting an improvement for the remainder of the year, but it is too early to judge the likely outcome, they state.

The group is involved in two material overseas contracts. For reasons beyond its control payment of moneys for work and materials certified as being satisfactory were delayed "well beyond" the due dates. This, the directors explain, involved arrangements being made for temporary additional support from the banker.

Payment of overdue monies has already commenced and, subject to unforeseen circumstances, the directors do not expect the delay to have any significant effect upon the ultimate profitability of the contracts.

Efforts continue to be made to contain costs and obtain additional sales in all companies, so that those which are profitable remain so and those which are not become competitive and profitable again.

The uncertainties the company has experienced during the past few years have stabilised. Present trading is similar to the comparative period last year.

Turnover for the year amounted to £24.89m (£23.78m). After a tax credit of £186,000 (£75,000) and an extraordinary credit of £389,000, the net loss is reduced to £219,000. The loss per share is 1.5p (1.9p) and the dividend is again 0.1p net.

A number of board changes are announced. Mr E. R. Oakden has retired while Mr J. J. Ryder has given up the deputy chairmanship but remains as a non-executive director. Mr R. E. Broomfield becomes deputy chairman and finance director.

Brown Shipley expects to hold profit

Results of Brown Shipley Holdings in the first half of the year to September 30 1983 were again similar to those for the same period in the previous year.

Profit in general banking has been held back by continued pressure on margins and the effects of the recession on banking customers both at home and abroad. This, however, has been offset by significant improvement in the results of our hire-purchase, leasing and factoring companies.

The insurance group's business has again been well maintained, with a similar pattern of profitability in its various operating areas to that experienced last year.

The directors do not expect that profit for the whole year will differ significantly from last year.

As expected an interim dividend of 3.5p has been declared against 2.75p last year in order to reduce the disparity between the interim and final payments. In the last full year a total of 7.75p was paid by this merchant banker and insurance broker, from profits after tax and a transfer to inner reserves of £2.62m.

Cullen's better

Cullen's Stores, the grocer and provision merchant, has greatly reduced its loss on trading in the first half year ended September 3 1983, from £103,416 to £33,015.

This time, also, the surplus on disposal of properties is greater, amounting to £253,464, against £175,646. This gives profits before tax up from £72,230 to £220,449.

The interim dividend is held at 0.7p net per share. Total for the year ended February 28 1983 was 4.3p.

Investment Company

Pre-tax profits at the Investment Company improved from £278,378 to £306,647 in the half year to September 30 1983. A one-for-one scrip is proposed. The company is paying an interim dividend of 0.7p—last year there was a single payment of 1.75p net. There are waivers on 3.72m shares.

Total income for the half was higher at £401,117 compared with £368,214. Tax took £95,330 (£82,016), and profit on the realisation of investments after deduction of Corporation Tax amounted to £119,035 (£8,670). Earnings per 25p share improved from 2.81p to 3.03p.

External Trust's £4m convertible

External Investment Trust, which is managed by M & G Investment Management, is offering £4m of 8 per cent convertible unsecured loan stock to its ordinary holders.

The stock will be available for subscription at £100 payable in full on application by December 5. It may be converted into ordinary shares at the rate of 21.5 shares for each £100 nominal of stock, which at the issue price of par is equivalent to a conversion price of 465.1p per ordinary share.

Conversion periods will be the 28 days immediately after the dates on which the company's consolidated accounts for the years ending March 31 1986-2007 are despatched.

A number of funds which are advised by subsidiaries of M & G, and which together hold 37.2 per cent of External's ordinary equity, have entered into a commitment to subscribe for £2.2m of the stock at par.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aquascutum	int.	0.75	Jan. 6	0.75	—	2.05
William Boulton		0.1	Dec. 22	0.1	0.1	0.1
Brown Shipley	int.	3.5	Jan. 6	2.75	—	7.75
Cullen's Stores	int.	0.7	Dec. 14	0.7	—	4.3
B. Elliott	int.	0.1	Dec. 30	nil	—	nil
EMAP	int.	0.77	Jan. 6	0.7*	—	2*
Grampian TV	int.	1.2	Jan. 19	1.1	—	3.6
Gnl. Stockholders		2.45	Jan. 19	2.45	4.2	4.2
M. J. Gleeson		3.2	Jan. 26	2.7	4.5	3.8
Investment Co.	int.	0.7	Nov. 30	—	—	1.75
Kwik Save		4.7	Dec. 14	4	7	6
LCP Holdings	int.	1.8	Jan. 6	1.8	—	3.6
LRC Intnl.	int.	1.15	April 2	0.95*	—	2.95
London Trust	int.	1.25	Dec. 9	1.25	—	3.75
Stockholders Inv.		2.1	Jan. 31	2.1	3.85	3.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

BOARD MEETINGS

TODAY

Interims:— J. Alliam, Black Arrow, Geers Gross, Gordon and Gotch, Hickson International, S. Jerome, London and Manchester Securities, Morland Securities, NCR, Oceana Development Investment Trust, Property Partnerships, G. Ruddle, R. Smallshaw (Knitwear) and Spong.

FUTURE DATES

Interims:—

Arbuthnot Govt. Secs. Tst.	Nov 30
British Bldg. Engineering Appl.	Dec 6
Castings	Dec 1
Combined Technologies	Nov 21
Dee Corporation	Dec 1
Ivory and Sime	Nov 21
Murray Technology Invests.	Nov 22
Rotaprint	Nov 24
Rowlinson Securities	Dec 6
United Leasing	Dec 6

Finals:—

Elson and Robbins	Dec 15
Fulcrum Investment Trust	Nov 24

UK COMPANY NEWS

Electronics boost Plessey to £80m

AN IMPROVEMENT of £7.3m to £42.7m in second quarter pre-tax profits helped the Plessey Company, the telecommunications and electronic systems group, to lift its figures for the six months to end-September from £66.94m to £80.93m, an increase of 20.9 per cent.

All divisions of the group contributed to the improved results, in particular the electronic systems and equipment side where operating profits rose by 55.2 per cent over the half year.

Group turnover, at £583.19m (£451.47m), and operating profits, £66.02m (£53.44m) were 29.2 per cent and 23.5 per cent higher respectively. Average profit margins on turnover were 11.3 per cent, compared with 11.8 per cent.

Lower interest rates in the UK reduced investment income from £17.71m to £15.51m but this was balanced by a £2.29m reduction in interest charges to £4.13m.

Associates share of profits rose from £2.2m to £3.53m.

Telecommunications turnover at £267.5m increased by 28.8 per cent for the half-year and operating profits were 1.5 per cent higher at £31.34m. In the U.S., Stromberg-Carlson Corporation, acquired in October 1982, contributed sales of £49.7m and incurred an operating loss

HIGHLIGHTS

Lex looks at the implications of the Chancellor's statement for the UK markets. The column also examines Plessey's progress in the six months to September, and assesses the impact of the loss of its telecommunications director. Kwik Save Discount, featured in Lex, has maintained its steedy progress with a 16 per cent rise in profits before tax. Third quarter figures from Philips are also being looked at in Lex. The results disappointed the market with a lower than expected profits increase on the back of this year's economic recovery.

Electronic systems achieved substantial growth over the period with turnover up by 47.3 per cent to £197.7m and operating profits ahead by 55.2 per cent to £18.97m.

Aerospace and engineering increased profits by 37.7 per cent to £7.53m mainly due to further improvements in the UK and the benefit of loss elimination in the U.S.

Microelectronics and components produced considerable growth with higher margins in a buoyant market, and profits were up 47.1 per cent at £5.4m.

Computer peripherals reduced a loss of £1.67m in 1982 to £0.19m in the half year.

The group balance sheet remains strong. Cash and liquid resources increased from £271.6m to £290m during the six months.

Earnings for the half year totalled 6.09p per 50p share, an increase of 20.1 per cent over the same period last year.

Tax for the first half accounted for £34.75m (£29m) and minorities £1.49m (£937,000). Profits before extraordinary items amounted to £44.69m, compared with £37m.

As at September 30 1983 the group's order book (£1.41bn, against £1.27bn) by division showed: telecommunications £534.97m (£496.58m at October 1 1982), electronic systems and equipment £733.35m (£653.63m), aerospace and engineering £102.11m (£81.67m), microelectronics and componets £52.57m (£49.43m), computer peripherals £7.53m (£4.66m) less intercompany content £15.93m (£20m).

For the 1982-83 year the group pushed its pre-tax profits up to £146.36m, an increase of 31.3 per cent over the £111.44m returned the previous year.

Following the announcement of the half-year results Plessey chairman, Sir John Clark, said he expected the U.S. telecommunications company, Stromberg-Carlson, to break even or make a small profit in the final quarter of the year, despite some "slippage" in orders. He added that there were hopes it would be "modestly profitable" next year.

Mr Peter Marshall, deputy chief executive, said the group had been making considerable investments in its telecommunications activities during the first half.

Investments in new products rose by £10m to £30m, with marketing expenditure ahead also by £10m to £45m. Investment in fixed assets totalled £17m. The group's UK workforce stood at 30,273, compared with 30,880, a year ago.

See Lex

Lep Group profits tumble to £864,000

A SHARP drop in pre-tax profits from £1.65m to £864,000 is in line with expectations at Lep Group for the first half of 1983, say the directors. They say that the year is one of transition and it is too early to forecast with any accuracy results for the year as a whole.

Turnover of this international freight forwarder moved up from £36.73m to £37.96m.

As indicated in their annual report last July, the directors say that there continues to be an improvement in trade in the UK, Canada and Australia. However in West Germany, there is still little sign of a long awaited upturn in exports.

The net interim dividend has been held at 4p. In the last full year a total of 17.5p was paid from pre-tax profits of £2.6m (£5.59m) on turnover of £73.15m (£71.12m).

For the first half results in West Germany, Australia, New Zealand and the U.S. were substantially lower than in the first half of 1982 but to some extent they have been offset by improved results in the UK, Canada and Austria.

Extensive reorganisation of parts of the group are underway say the directors, mainly in the UK, where a major management reorganisation will be completed by the end of 1983.

The main purpose of this is to improve profitability by establishing clearly defined profit centres throughout the whole country.

Costs involved in redundancy and related reorganisation costs have been charged separately as extraordinary items. As most of the reorganisation will be completed this year, the directors expect that redundancy and reorganisation costs will be substantially lower in 1984.

At the trading level profits in the first half fell from £1.51m to £942,000. There were associate losses this time of £78,000 compared with previous profits of £133,000.

Tax charges were down from £1.14m to £698,000. Minorities amounted to £145,000 (£106,000), and there were extraordinary redundancy and reorganisation costs of £299,000 (£92,000).

LRC profit advances 27% to £7m for six months

FOR THE half year ended September 30 1983 LRC International, the household products, healthcare and industrial services group, has achieved a 27 per cent rise in pre-tax profits, from £5.5m to £7m. After tax, the net balance advanced by 48 per cent to £4.36m.

Increased profits came from the main UK division, LRC Products, and from the European, North American and industrial holdings divisions. Growth in sales volume and profits were achieved in main consumer product lines.

Significant increases were recorded by the photo processing company, both in the existing business and as a result of recent acquisitions. The group's total performance for the first half reflects the seasonal nature of that business with most of ColourCare International's annual profits being genrated in this period.

Turnover for the half year rose by 15 per cent, from £69.57m to £80.17m, and trading profit increased by 26 per cent to £8.19m (£6.48m). After tax £2.67m (£2.48m) and minorities £15,000 (£30,000), the attributable balance was £4.34m (£3.01m). Earnings are shown at 4.39p (3.05p).

The interim dividend is effectively increased from 0.95p to 1.15p net. For the year ended March 31 1983 a total of 2.95p was paid from pre-tax profits of £12.2m.

● comment

LRC is a prime example of how difficult it is to shrug off an out-of-date corporate image. Even though contraceptives now only account for a quarter of group sales, the company still finds it necessary to emphasise their declining importance in a group context. The latest opportunity comes in the wake of the string of recent acquisitions in the photoprocessing field which, apart from consolidating the group's diversification programme in a highly competitive area, is changing the seasonal nature of earnings in the group. At one time there was a distinct second half bias to the profits picture but the photographic businesses, which are the equal of contraceptives—at least in sales—now give more balance to the two halves. While there is still significant potential in North America and rationalisation benefits to come through in Europe, organic growth is going to be difficult in the important home market. This points to more acquisitions which, dependent on size, could mean a cash raising exercise given that gearing is, if anything, a little higher than the level in March, when borrowings amounted to 39 per cent of shareholders' funds. With about £14.5m possible for the year, against £12.3m, the prospective fully-taxable p/e is almost 15 at 117p—slightly below the health care care sector average.

Vehicles help LCP pass £3m

REDUCED INTEREST charges and a "significant" improvement by its vehicle distribution division were mainly responsible for a sharp rise in profits at LCP Holdings for the six months ended September 30 1983.

At the pre-tax level they advanced by £1.35m to £3.35m after deducting interest charges of £2.79m, a reduction of £742,000 over those of the same period last year—a lowering of group borrowings remains a prime objective.

In his interim report Mr David Rhead, group chairman, says the policy of concentrating on strengths and reducing participation in unrelated activities through the redeployment of assets will continue.

He tells members that he is now satisfied that LCP is on course for a period of "sustainable growth with an improving quality of earnings from key market investments across a wide geographical base."

Turnover for the opening half expanded from £138.38m to £149.13m.

Tax rose from £1.18m to £1.61m and minorities accounted for £24,000 (£58,000).

Available profits emerged at £1.72m, compared with £769,000, equal to earnings of 2.6p (1.5p) per 25p share.

The net interim dividend is held at 1.8p—a final of 1.8p was paid for 1981-82 from taxable profits of £4.15m.

A divisional breakdown of group trading profits (£6.14m, against £5.53m) shows: investment property £1.52m (£1.47m), Whitlock U.S. £2.7m (£2.49m), property development £72,000 loss (£40,000 profit), construction £110,000 (£155,000), distribution £339,000 (£254,000), metals £41,000 loss (£27,000 profit), vehicle distribution £1.45m (£860,000) and France £139,000 (£240,000).

Mr Rhead says that in the UK profits derived from vehicle distribution and automotive parts improved significantly over the last six months. He adds that the rationalisation of BL dealerships in the Midlands, improved performance by the group's General Motors franchises to the South of England and continued strength in the Ford operations enabled LCP to take maximum advantage of a buoyant market in new car sales.

He comments that margins improved in automotive parts distribution following last year's reorganisation.

Conditions in metals, property development and construction remained competitive, and the chairman points out that the group was unable to maintain last year's performance.

● comment

LCP's share price has for some while been discounting sustained recovery, so even the 67 per cent pre-tax profits leap announced yesterday came as something of a disappointment and the shares slid 6p to 85p. The increase in profits from Whitlock USA, the key to LCP's prospects, is slightly deceptive, due as it is to currency translation benefits. LCP is in the midst of a very rapid expansion of Whitlock, which will involve the opening of up to nine new superstores between now and the year end. For this reason speculation about a float of Whitlock shares on the New York Stock Exchange is premature. LCP will wait until Whitlock's profits show the benefits of the current expansion. However, more likely is a demerger of around 80 per cent of the vehicle distribution business on to the London market. As a further move to reduce its 80 per cent gearing ratio, LCP is considering disposal of its metals business, although that would also involve some write-offs. Previously LCP had considered issuing about £25m of long term debt on the back of its property portfolio. That idea is now back on the shelf: having had a rights issue this year at 46p per share, LCP can appreciate the virtues of patience. The company looks set to make about £6.25m for the year, putting the shares on a prospective multiple of over 17, which is something of a tribute to LCP's management. On a maintained final, the shares yield about 6 per cent.

Aquascutum forecasts profit rise

First half pre-tax profits at Aquascutum Group—down from £228,000 to £95,000 — were affected by reorganisation costs, but the directors say that full year results are likely to exceed last year's.

However, in the last full year pre-tax profits fell sharply from £1.08m to £333,000. At that stage the director predicted reorganisation would be complete by the year end and that the company would then start to move towards improved profitability.

For the first six months to the end of July 1983 turnover of this maker of high quality clothing was little changed at £11.3m (£11.19m).

The directors say that the reorganisation is near completion.

The net interim dividend has been held at 0.75p—in the last full year a total of 2.05p was paid.

Tax for the half year amounted to £42,000 (£103,000).

Frizzell Group

The Frizzell Group is in negotiations which may result in their acquiring F. Bolton (Holdings).

EMAP rises 20% to £2m

A JUMP of 20 per cent in pre-tax profits has been shown by East Midland Allied Press for the 28 weeks to October 15 1983, to produce a record figure of £2.1m, compared with an adjusted £1.75m.

Mr Frank Rogers, chairman, is confident that results for the full year will show an improvement on the £3.64m achieved before tax last year.

Turnover for the first half grew from £27.98m to £31.19m.

Comparative results have been adjusted to reflect the change in accounting policy regarding April issues of monthly magazines, as already reported.

Mr Rogers goes on to say that he expects publishing operations—newspapers and periodicals—to contribute higher profits for the full year than they did last year. Although utilisation of a new newspaper press at Woodston continues to improve there is inevitably a high level of cost during the build up, he says.

Readwell, the group's retail division, continues to trade satisfactorily, he says.

The net interim dividend has been effectively lifted from 0.7p to 0.77p. In the last full year the equivalent of 2p was paid. For the first half earnings per 25p share moved up from an adjusted 2.1p to 2.5p.

Last July the directors said they remained confident publishing activities would show further improvements this year, though the market for contract printing remained competitive. At that stage, however, group profitability remained ahead of budget.

Mr Rogers now says that the advance in profits is in accordance with board expectations. The major improvements in profitability came from provincial newspapers, national publications, business and computer publications and contract printing.

During the period advertising revenue on the provincial newspapers side was 10 per cent ahead of last year—sales revenue rose by 8 per cent. Advertising volumes continue to improve slowly, says Mr Rogers, the main increase coming from a steady advance in employment advertising.

Trading profits for the first half were ahead from £1.69m to £2.08m, to which was added £45,000 (£88,000) investment income.

Interest charges came to less at £19,000 (£29,000).

Tax—which has been estimated at 40 per cent—amounted to £841,000 (£700,000). The attributable balance emerged ahead from £1.05m to £1.26m.

● comment

EMAP's first-half figures are slightly awry because of the accounting adjustments to last year's results, giving a pre-tax increase of a fifth rather than a 10 per cent rise on previously stated profits. Nevertheless, the underlying trend is once again firmly upwards, with the latest results putting the company on course for a record year. The improvement is virtually across the board, dented only by the unspecified six-figure development costs of Micronet, and other start-up costs, which have been taken above the line. Apart from the optimistic noises being made in the newspapers and periodicals divisions, the most encouraging part of the statement is that the computer publications are going to pitch in profits this year for the first time against the background of stiff competition. There should be continuing benefits to filter through from the new £4.5m press in Peterborough. Around £4.6m should be possible this year, against £3.64m last time, which puts the 65p shares on a prospective fully-taxed p/e of over 14—a rating which reflects Micronet and the likely Reuters windfall, which could bring in around £7m.

Mountview Estates

An increased interim dividend, up from 0.7p to 1p net, is proposed by Mountview Estates, the property dealing and investment company. Last year a final of 3p was also paid.

Mr W. D. I. Sinclair, the chairman, says the board expects profits for the full year to March 31 1984 to compare favourably with the £3.4m (£2.79m) reported in the year to March 31 1983.

Listings cancelled

The listings of Williams Hudson Group, Liden (Holdings) and Findlay Hardware Group were cancelled yesterday. The Inland Revenue has stated that shares or loan stock became of negligible value for the purpose of capital gains tax calculations in the fiscal year 1982-83.

No bargains will be permitted under Rule 163(2) other than those in accordance with Part E of Permanent Notice C-29.

Grampian TV falls £80,000 but predicts better year

ALTHOUGH first half pre-tax profits of Grampian Television were £80,000 lower at £222,000 prospects for the second six months are "encouraging" as television advertising revenue is buoyant at present.

Indications are that this trend will continue at least into the early part of 1984 and contrary to the chairman's earlier warning of reduced after-tax profits for the full year to February 1984 he now feels able to predict "with confidence" that after-tax profits for the 12 months will exceed the £563,000 of the previous year.

Group turnover for the first six months totalled £5.97m, compared with £5.14m — the group is television programme contractor for North Scotland.

Profits were subject to tax of £91,000 (£112,000). Last year Exchequer levy took £27,000.

The interim dividend is being stepped up from 1.1p to 1.2p net per 10p share — a final of 2.5p was paid previously.

The Queens Cross studios development, which will provide new technical areas and additional office accommodation, has been completed. The group has taken a long lease of a purpose-built development at Huntly Street, Inverness, where an existing building is being converted to a news interview studio and associated offices. These should be ready for occupation next spring, by which time Grampian will have established a permanent presence in Inverness.

The directors say this will greatly facilitate the group's news and current affairs coverage of the Northern and Western part of its transmission area.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	9 %
Allied Irish Bank	9 %
Amro Bank	9 %
Henry Ansbacher	9 %
Arbuthnot Latham	9 %
Armco Trust Ltd.	9 %
Associates Cap. Corp.	9½%
Banco de Bilbao	9 %
Bank Hapoalim BM	9 %
BCCI	9 %
Bank of Ireland	9 %
Bank Leumi (UK) plc	9 %
Bank of Cyprus	9 %
Bank of Scotland	□9 %
Banque Belge Ltd.	9 %
Banque du Rhone	10 %
Barclays Bank	9 %
Beneficial Trust Ltd.	10 %
Bremar Holdings Ltd.	9 %
Brit. Bank of Mid. East	9 %
■ Brown Shipley	9 %
CL Bank Nederland	9 %
Canada Perm't Trust	10 %
Castle Court Trust Ltd.	9½%
Cayzer Ltd.	9 %
Cedar Holdings	9 %
■ Charterhouse Japhet	9 %
Choulartons	10½%
Citibank Savings	¶10½%
Clydesdale Bank	9 %
C. E. Coates	9½%
Comm. Bk. of N. East	9 %
Consolidated Credits	9 %
Co-operative Bank	* 9 %
The Cyprus Popular Bk.	9 %
Dunbar & Co. Ltd.	9 %
Duncan Lawrie	9 %
E. T. Trust	9½%
Exeter Trust Ltd.	10 %
First Nat. Fin. Corp.	11 %
First Nat. Secs. Ltd.	10½%
Robert Fraser	10 %
Grindlays Bank	‡ 9 %
■ Guinness Mahon	9 %
■ Hambros Bank	9 %
Heritable & Gen. Trust	9 %
■ Hill Samuel	§ 9 %
C. Hoare & Co.	† 9 %
Hongkong & Shanghai	9 %
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	9½%
Lloyds Bank	9 %
Mallinhall Limited	9 %
Edward Manson & Co.	10 %
Meghraj and Sons Ltd.	9 %
Midland Bank	9 %
■ Morgan Grenfell	9 %
National Bk. of Kuwait	9 %
National Girobank	9 %
National Westminster	9 %
Norwich Gen. Tst.	9 %
R. Raphael & Sons	9 %
P. S. Refson & Co.	9 %
Roxburghe Guarantee	9½%
Royal Trust Co. Canada	9 %
Standard Chartered	‖ 9 %
Trade Dev. Bank	9 %
TCB	9 %
Trustee Savings Bank	9 %
United Bank of Kuwait	9 %
United Mizrahi Bank	9 %
Volkskas Intnl. Ltd.	9 %
Westpac Banking Corp.	9 %
Whiteaway Laidlaw	9½%
Williams & Glyn's	9 %
Wintrust Secs. Ltd.	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
§ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
□ Money Market Cheque Account—8.75%. Effective annual rate—9.11%.

BIDS AND DEALS

Tarmac acquires foothold in concrete block market

BY DAVID DODWELL

Tarmac, the quarrying and civil engineering group, has bought the concrete building block operations of the privately-owned C. A. E. C. Howard Group in a cash and shares deal worth about £9.5m.

The deal forms part of Tarmac's policy of building up businesses producing higher value-added goods. Until now, it has had no involvement in the manufacture of concrete building blocks, despite being a supplier of aggregates for their manufacture, and a major user of block as the third largest house builder in the UK.

The deal is Tarmac's fourth in as many months. Together they have cost the company about £37m.

Mr Graham Odgers, Tarmac's finance director, said yesterday that the company had bought two Howard subsidiaries—Hemelite and Alphayule. Tarmac will pay £8m by issuing to Howard 1,985,112 shares. These have been placed, mainly with institutional investors. The remainder will be paid in cash.

Tarmac's shares rose by 8p on the Stock Exchange yesterday, to close at 416p.

Mr Odgers added that along with expansion in the manufacture of black top for roads, and of readymix concrete, block manufacture will add to the higher value added products now manufactured by Tarmac.

Tarmac's rapid expansion programme has followed four lines of policy, Mr Odgers said. First is the aim of expanding operations in the south of England. Second is to develop sand and gravel quarrying as opposed to stone quarrying which has been a traditional Tarmac stronghold.

Hemelite is one of the UK's bigger manufacturers of concrete blocks. It accounts for just under 10 per cent of the UK market, according to Mr Odgers, and last year had a turnover of between £15m and £20m.

It operates 12 plants throughout England, and supplies blocks to the housing sector, both private and public, and for industrial and commercial buildings.

Mr Brian Howard, chairman of Hemelite, will remain as the company's chief executive, and will join the board of Tarmac's quarry products division.

The third aim has been to expand overseas. This began three years ago with acquisitions in the U.S. and has been followed by a purchase in South Africa. The final aim has been to expand the manufacture of value added products.

This expansion has had a marked impact on Tarmac's turnover and profits, and has been linked with an increase in market capitalisation over the past 4½ years from less than £100m to almost £550m.

For the first six months of 1983, Tarmac earned pre-tax profits of £29m, up 44 per cent from the £20.1m profit reported in the first half of 1982.

Burnett S.A. companies to merge

BY CHARLES BATCHELOR

The loss-making South African coal mining interests of Burnett & Hallamshire, the Sheffield open-cast coal, oil and property group, are to be restructured under a plan announced yesterday.

Rand London Corporation is to make an agreed offer to the minority shareholders of Rand London Coal as the first step towards capitalising Coal's losses and paving the way for launching a number of new ventures.

The shares of both Rand Corporation and Rand Coal were relisted on the London Stock Exchange yesterday at 20p after being suspended on November 7 at 27p and 24p respectively. Burnett's shares were unchanged at 165p yesterday but were 15p lower than their price immediately before the two South African companies were suspended.

Mr Eric Grayson, chairman of Burnett, said: "Rand Coal is really not a viable commercial proposition because of its financing structure. It is financed almost entirely by loans, now totalling R22.4m (£12.8m), from Rand Corporation.

"There are certain things we can do if Rand Coal is a 100 per cent subsidiary of Rand Corporation. The financing then becomes immaterial and we can capitalise the loan without hurting the shareholders of Rand Corporation.

"Once Corporation has a stronger balance sheet we can start looking at joint ventures and other plans."

Rand Corporation will offer 100 of its own ordinary shares for every 100 Rand Coal ordinary shares and 70 of its shares for every 100 Rand Coal preference shares.

The merger will lead to an increase in the net asset value of a shareholding of 100 Rand Corporation shares by 9.5 per cent to R68.30. It will have no immediate effect on the earnings or dividends per share of either company as both are trading at a loss.

If the offer is accepted by 75 per cent of shares voted at an extraordinary meeting of Rand Coal the listings of Rand Coal in London and Johannesburg will be ended.

Rand Coal made losses of R2.73m in the nine months ended March 31 1982 and R5.23m in the year ended March 31 1983. The downturn in international coal markets and the closure of two mines, Kempslust and Brockwell, means it is still trading at a loss.

The proposed restructuring will enhance prospects of a return to profitability and shareholders can expect to receive dividends earlier than under the present structure, the two companies said.

West's Group warns holders not to sell

West's Group International, the civil and mechanical engineering company, yesterday warned shareholders against selling out to Espley-Tyas Property Group, which netted 14.9 per cent of the West equity in a stock market "raid" on Tuesday.

West's directors said: "It is most unlikely that Espley-Tyas would have purchased a large shareholding except as a prelude to considering a full take-over bid for your company.

"It is quite probable that it will attempt to acquire further shares prior to making a bid and shareholders are warned to be on their guard against this tactic."

West said that as a specialist foundation contractor it had always felt it important to remain independent of general contracting. Mr Ron Shuck, chairman of Espley-Tyas, has said West's piling division and his own construction activities are compatible.

Espley-Tyas, which has expanded rapidly in the past two years through acquisition, is mainly engaged in contracting, house building, property development, and investment.

S. G. Warburg is the merchant bank which is advising West in its defence.

West's shares were an unchanged 108p yesterday compared with the 100p level at which Espley-Tyas made its purchases. Espley-Tyas shares fell 3p to 76p.

Cope Allman offshoot sold in management buyout

MR MICHAEL ASHCROFT, newly-appointed chairman of Cope Allman, packaging, leisure and engineering group, said yesterday that the group had disposed of Bodner-Elem, an importer of men's suits, to the company's management for about £350,000. He said the subsidiary's operations were "outside the group's major activities."

He also told shareholders at the company's annual meeting that the disposal of Cope's Australian subsidiary, Nutt and Muddle, will be complete this week. Stocks have been sold for about £500,000, with debts amounting to about £1m likely to be collected over the next 18 months.

He said company profits were "running at a higher level than the first half of last year," with sales for the first four months about 10 per cent ahead of the comparable period last year.

The improvement comes at the end of two years of major rationalisation. Mr Ashcroft said there are "now only a small number of businesses to be sold." Head office costs, which have already been trimmed, will fall further in January, when Cope moves into new premises in Russell Street in London.

Mr Ashcroft, who heads the Hawley Group, became chairman of Cope just a month ago after having built up a 29.99 per cent stake in the company. Mr Ashcroft was originally part of the Dowable consortium which launched a £23.7m bid for Cope in March this year.

Cope Allman's shares improved by 1p on the chairman's comments, to close at 67p.

Warner cleared

The proposed acquisition by Warner Communications Inc. of a 50 per cent shareholding in Polygram Group, will not be referred to the Monopolies and Mergers Commission.

This decision relates to the merger solely as it concerns the UK, and is in fulfilment of the Secretary of State's responsibilities under national legislation. It is separate from, and has no direct bearing on, any decision or action the European Community might take

Eagle Star

No new moves from Allianz, the German bidder for Eagle Star, are expected this week. Although all the clearances and information it wanted appear to be in hand, it is now unlikely that the German group will say anything about whether or not it will be coming back with a rival offer to BAT until some time next week, possibly Tuesday.

Staveley makes French acquisition

Staveley Industries, international engineering and salt products group, yesterday established a manufacturing foothold on the continent for its fast-growing non-destructive testing group when it agreed the purchase of a private French company, Automatisation Internationale.

Neither side disclosed the price paid for Automatisation, which was founded in 1976 by the de Ternay family.

Mr Brian Kent, Staveley's chief executive, said yesterday: "By buying the company we have added a market outlet for Europe, and have added a technology in terms of robotics that will be fed back to the United States."

Over the past three years, Staveley has built up a group of six companies in the area of non-destructive testing. Four of these are in the U.S., and group operations are run from there.

The French acquisition comes just a month after Staveley's first move into West Germany, where it bought Allstar GmbH, a houseware manufacturer, for about £1.5m. A further substantial overseas acquisition is expected by January.

Automatisation employs about 50 people at a factory in Thionville and a research and marketing office in Paris. Its computer controlled testing equipment is used in Europe, and in some French overseas territories.

Stavely has undergone major reorganisation over the past three years. Disposals amounting to about £25m—most prominently the sale of Peakstone aggregates for £14m—have accompanied closures that have cost the company £15m.

Weakness of sterling against the U.S. dollar has adversely affected Staveley's exports over the past year, particularly in non-destructive testing. As a result, Mr Kent warned last week that it will not be easy to match the profit levels of 1982.

In the six months to October 1983, Mr Kent also reported that Staveley earned pre-tax profits of £2.01m on turnover of £78.36m. This compares with profits of £1.54m on a £71.21m turnover at the interim stage last year.

Debt financing for Micro Business

County Bank and Charterhouse Japhet have agreed to provide a multi-million pound term debt financing for Micro Business Systems (MBS).

Mr Clive Richards, chairman of MBS, said that this facility would enable the group to sustain the rate of growth of its rental portfolio of computer terminals, micro-computers and development systems and test equipment.

MBS will be able to use its generated cash flow and clearing bank resources for working capital requirements.

Rental portfolio grew by more than 79 per cent in the first half of 1983 compared with the similar period in 1982. The value of items now on rental contract exceeds £4.5m.

While the present facility would be provided by the two banks, they said that they intended to bring other banks into the syndicate in due course.

BIDS AND DEALS IN BRIEF

Ward White Group, through its wholly-owned subsidiary Brankin Investments, has completed the sale of nine freehold retail shop properties to Best (Estates) for £2.24m cash. Best has agreed to lease back each property to Joseph Frisby, another wholly-owned Ward White subsidiary, for 25-year terms at open market rentals reviewable every five years.

* * *

Sun Life Assurance has sold a further 140,000 Moorside Trust shares, reducing its holding to 1.36m shares, or 7 per cent of the equity.

* * *

A and G Security Electronics is acquiring from the receiver the stock and assets of Northern Ireland-based Jag Securities (N.I.), manufacturer of high technology digital readout burglar alarm controls.

* * *

The Secretary of State for Trade and Industry, has decided, and in accordance with the recommendation of the Director General of Fair Trading, not to refer the proposed acquisition by Sumitomo Rubber Industries of certain European tyre assets of Dunlop Holdings to the Monopolies and Mergers Commission.

* * *

Odyssey Partners has ceased to be interested in 956,232 ordinary shares of Mercantile House following their sale on November 9 at 360p per share. The shares and the earlier sales of 1.2m ordinary (part of a placing earlier this year of 7m ordinary shares prior to the capitalisation issue in September 1983), were received by Odyssey Partners as part consideration for the sale of the Oppenheimer Group to Mercantile House in August 1982.

The remaining shares owned by Odyssey Partners have been transferred to the beneficial interest of directors as follows: Mr N. Gantcher (U.S.) 15,000 shares; Mr J. Nash (U.S.) 5,000 shares; Mr S. Robert (U.S.) 15,000 shares; Mr D. W. Spiro (U.S.) 15,000 shares.

* * *

Motorola has brought together its data communications subsidiary—Codex (UK)—and the UK division of its information systems group, which specialises in the marketing of data processing and office automation equipment, to form a single organisation — Motorola Information Systems.

The company believes that its strong presence in data communications — where it works closely with the computer systems of other companies — puts it in a healthy position for a formal launch into office automation. The Codex brand name will be retained for marketing many of the company's advanced data communications devices.

SHARE STAKES

Harris Queensway—Mr D. J. Stockwell, director, has sold 50,000 ordinary shares.

Reed International—Under a share option scheme, Sir Alex Jarratt, director, sold 21,374 ordinary shares at 386p each.

Crouch Group—As a result of a recent purchase, Prowting Holdings, together with a wholly owned subsidiary, now has a declarable interest in 11.5 per cent of the equity capital.

Rea Brothers—Scottish and Mercantile Investment is interested in 25.44 per cent of the 25p ordinary. This includes 1,668,625 (6.18 per cent) owned by Scottish Cities Investment Trust, 1,448,879 (5.37 per cent) by Fashion and General Investment (and its own subsidiaries), 2,059,959 (7.63 per cent) owned by Northern Shipbuilding and Industrial Holdings, and 618,226 (2.29 per cent) owned by Stocklake Holdings.

Archimedes Investment Trust—Mr A. W. F. Clapperton has sold 12,000 capital shares, reducing his interest in that class of share to 50,000 (4.1 per cent).

W. Canning—Bank of Scotland Nominees (Save and Prosper Unit Trusts, managed by Save and Prosper, has reduced its holding from 779,625 to 654,625 (4.85 per cent).

Argyll Group—Following completion of the merger to form Argyll Group, Globe Investment Trust holds 9.9m ordinary (5.1 per cent).

Amber Industrial Holdings—As a result of recent purchases the interest of the Prudential Corporation group of companies (together with that of the segregated funds, which manage for clients) amounts to 185,000 (7.08 per cent) ordinary—Prudential nominees 115,000 and Vanbrugh pension 70,000.

Beechwood Group — Alco Western Investments has acquired 827,304 (12.24 per cent) of the issued share capital.

H. Young Holdings—E. W. Davidson and family trusts own 166,500 shares (10 per cent).

MINING NEWS

New mine will boost Dome's gold output

BY GEORGE MILLING-STANLEY

CANADA'S NEWEST gold mine, the C$139m (£72.2m) open-pit operation at Detour Lake in north-eastern Ontario, is expected to add about 50,000 oz of gold to the current annual output of the Dome Mines group once it reaches full production.

The mine, about 450 miles north of Toronto, has just been officially opened and is believed to contain over 30m tons of ore down to a depth of 1,500 ft, with a strong possibility that the orebody will continue on down to something like twice that depth.

The average gold grade is about 0.113 oz (3.5 grammes per 100, with grades improving at greater depths.

The ownership of Detour Lake is split equally between Campbell Red Lake Mines, a 57 per cent-owned subsidiary of Dome Mines, and Amoco Canada Petroleum, a unit of Standard Oil of Indiana. Campbell is the operator.

Mr Henry Brehaut, operations vice-president of Campbell, estimates operating costs at C$303 per ounce of gold produced once the mine is running at the regular rate of 2,750 tons of ore per day.

Work has already begun on an underground mine to develop the reserves at deeper levels than those accessible from an open pit. The estimated capital cost of C$110m includes the expansion of the plant capacity to 4,400 tons per day.

When the whole operation comes on stream in early 1987, Detour Lake should be able to produce something like 200,000 oz of gold a year.

Campbell's share of current production of 50,000 oz a year will be a welcome addition to the 215,000 oz from the original mine at Red Lake, also in Ontario, but it is not expected to have a dramatic impact on profits.

Grades are lower and operating costs higher than at the existing operations, and one analyst has suggested that Detour Lake will add only about 10 cents a share to Campbell's net earnings in 1984.

Campbell has also announced its results for the third quarter and first nine months of the year. The sharply higher gold price and increased production over the first nine months combined to give the company net profits of C$40.54m, up from C$27.17m at the same stage of last year.

Third quarter net profits were C$11.9m, compared with C$10.3m in the second quarter.

Sigma Mines (Quebec), another gold producer in the Dome group, had net profits of C$7.5m at the nine months stage, against C$4.2m last year. Third quarter profits were C$1.3m, up from C$1.1m in the same period of 1982.

Campbell produced 167,207 oz of gold during the nine months, with Sigma adding 47,305 oz.

ROUND-UP

A fire 2,200 metres underground at the Kloof gold mine in the Gold Fields of South Africa group is burning under control, the company said. The fire is being directed towards a previously burned-out area and an unmined dyke.

Initial indications are that there will be a small loss of production.

* * *

Recent drilling at the Golden Pig prospect of Brunswick Oil, near Southern Cross in Western Australia, has shown grades in excess of 7 grammes of gold per tonne, according to Mr Tony Rechner, chairman.

The chairman added that the company will have a better idea of the prospect's feasibility when the results of the current drilling programme become available early next year.

BANK RETURN

	Wednesday November 16 1983	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,288,106	− 2,516,355
Bankers Deposits	698,994,689	+ 31,748,233
Reserve and other Accounts	1,625,866,034	− 602,732
	2,376,700,839	+ 33,461,750
Assets		
Government Securities	438,675,857	+ 67,486,000
Advances & other Accounts	870,740,847	+ 13,514,671
Premises Equipment & other Secs.	1,060,324,411	− 46,403,835
Notes	6,801,212	− 941,996
Coin	158,512	+ 7,910
	2,376,700,838	+ 33,461,750
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	11,390,000,000	—
In Circulation	11,383,188,788	+ 941,986
In Banking Department	6,801,212	− 941,996
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,573,950,426	+ 119,017,379
Other Securities	7,805,054,474	− 119,017,379
	11,380,000,000	—

THE PROPERTY MARKET BY MICHAEL CASSELL

Liverpool St plan is threatened

PROPOSALS for the £260m redevelopment of Liverpool Street and Broad Street stations, in the City of London, have run into serious problems. The continuing involvement of Wimpey and Taylor Woodrow—chosen by British Rail Property Board to carry out the scheme—is now in doubt.

Plans for the massive redevelopment project were, after years of uncertainty, finally unveiled just over a year ago when the two developers were named by the BR Property Board as partners in the project, hailed as one of the biggest office developments in Europe.

At the time, hopes were high that a start to the scheme—involving the reconstruction of Liverpool Street station and the development of around 1.25m sq ft of offices and shops—would be made in 1983.

Now, however, a start appears as far away as ever and the prospects for the whole project look uncertain. A leading member of the development team described the relationship between Wimpey and Taylor Woodrow and the Property Board as "fragile" and said it should be clear early in the new year whether the partnership is on or off.

A spokeswoman for BR Property Board would only say that it was discussing with Wimpey and Taylor Woodrow their future role in the proposed redevelopment.

Among the difficulties yet to be overcome is the continuing absence of any funding for the development. It is understood that preliminary talks with two institutions have been held but that no agreement has been reached. Given the scale of the funds required and the current climate in the property market, the outlook is not encouraging.

But it also appears that there is a much more fundamental problem which, Wimpey and Taylor Woodrow believe, the Property Board will have great difficulty in overcoming and which centres on the premium due to the Property Board from the developers.

Given the severe cash limits being applied to British Rail, the Property Board was originally told that the Liverpool Street project could only go ahead if it could generate sufficient cash from the development premium to carry out vital railway works associated with the scheme. It has now become clear that this is unlikely, putting the whole project, as currently conceived, under threat.

A Wimpey spokesman said the Property Board appeared to face "an all or nothing" situation, in which it had to extract certain sums from the project or face the prospect of not being able to go any further.

It is also understood that undertakings given by the Property Board, while seeking consent from the two local authorities involved in the redevelopment (the City of London and Hackney), might prove difficult to fulfil.

Failure to go ahead with the scheme would come as a severe disappointment to the Property Board, which has considered redevelopment of the 25-acre complex for many years.

Outline consent for the project was granted in 1979 but a submission for detailed consent was not made until 1981, when the Board had satisfied itself that its liability for Development Land Tax on the commercial element of the redevelopment would be less than first indicated. The plan envisages a nine-year development programme.

Wells Fargo revaluation

THE portfolio of Wells Fargo Property Unit Trust, established in late 1982 for pension funds wanting to invest in United States real estate, is now valued at just over $31m. There are five properties so far.

Excluding the Trust's most recent purchase — a $2.6m industrial-office building in Minneapolis—the portfolio has shown a 10.7 per cent value increase since purchase.

The Trust says the annual return achieved on contributed capital employed between February 1982 and September 1983 was—including currency appreciation—just over 34 per cent.

A third issue of units is now being made, priced at £12,165 and available in minimum amounts of ten. The price represents an increase of over 21 per cent since the first issue in February 1982.

Birmingham market begins to stir

THERE are some signs that confidence among developers and tenants in the Birmingham office market, hard bit by the recession is beginning to return.

Agents Elliott Son & Boyton, in a realistic report on the state of the local market, say take-up of prime office space in Edgbaston during 1983 has risen to 170,000 sq ft against 70,000 sq ft in 1982. The amount of space available, however, has risen by 54,000 sq ft to 226,000 sq ft. Top rents are £6.50 a sq ft.

In the heart of the City, lettings only reached 58,000 sq ft against 81,00 sq ft in 1982. Available space rose by 50,000 sq ft to 160,000 sq ft. Prime rents remain at £7.50 a sq ft.

● British Rail has selected Beacontree Estates, owned by Maidenhead-based contractors J. M. Jones and Clarke Nickolls & Coombs, for the £15-20m redevelopment of Oxford Station. Planning consent for a new station and 130,000 sq ft of office space will be sought in the new year.

● Available air conditioned office space in the West End of London rose to over 2.2m sq ft during Ocotber, despite a big jump in lettings, from 76,000 sq ft in September to 196,000 sq ft last month. Agents Leslie Lintott say no units in excess of 50,000 sq ft have been let for five months.

● British Telecom is to occupy Derby House, the 29,300 sq ft office building in Bletchley put up by GRA Developments. The rent of £107,000 a year equates to about £3.65 a sq ft and the agents were Jones Lang Wootton and Brown & Merry.

● Burhill Estates has let Belyn House, Monument Street, EC3, to Miro and Associates Agencies, the American insurance brokers, for an overall rent in excess of £20 a sq ft. Gooch & Wagstaff and Richard Ellis acted for Burhill and J. Trevor represented the tenant.

● *Barratt Commercial* has let its second office development in London Road, Camberley, to Wicat Systems. The 17,000 sq ft building was forward funded by Colonial Mutual Life Assurance and the tenant is paying £10.50 a sq ft. Pearson Williams acted for Barratt.

● Warburg Investment Management, on behalf of pension fund clients, has purchased a 1,625 sq ft freehold shop in Union Street, Aldershot, for £485,000—to reflect a net yield of about 5 per cent. The shop is let to Jean Jeanie on a 25-year lease.

Debut for Beckwith brothers

IT TAKES a certain amount of flair to sign up a tenant for an office block yet to be built in a field and for which there is no planning permission.

Flair, however, appears to be in plentiful supply at London & Edinburgh Trust, which is about to become the first property company to win a full Stock Exchange listing since Standard Securities in March 1982.

The field in question is the old fairground site in Maidenhead, Berkshire, purchased for peanuts by L & E about four years ago but poised to become a valuable asset. The outcome of a second planning appeal is awaited and the group is confident that it will get the go-ahead for a 45,000 sq ft scheme, for which a local "blue-chip" tenant has agreed leasing terms.

Confidence is another commodity which appears commonplace around the group's stylish Knightsbridge headquarters, where final preparations are under way for next week's launch of the prospectus which will tell the L & E story.

It began in 1971 when John Beckwith, an accountant, and his brother Peter, a solicitor, started building luxury houses before moving on to commercial property. Since then, they have moved fast and made plenty of friends along the way.

The group puts itself among the "new breed" of property developers, unshackled by traditional attitudes and forever flexible in its approach to the business. Its now-proven ability to pick good sites, choose attractive schemes, find reputable development partners and employ a wide range of imaginative funding techniques has made quite an impact.

Throughout, the emphasis has been on tight cost controls, high-quality developments and on the limitation of potential development risks by forward-funding and either pre-letting or avoiding open-ended rental guarantees as part of the funding arrangements. Three years is the usual maximum, thereby limiting risks on any one scheme.

At Royal Berkshire House, adjoing the group's recently completed Ramada Hotel complex, it is developing a 70,000 sq ft scheme funded by the Civil Aviation Superannuation Scheme. Three years' rental was put aside in a special account, just in case, though a tenant is lined up.

It might all sound just a little too good to be true—especially at a time when property development is hardly considered the in thing,55 but the proof of the pudding is in the profits and there are likely to be plenty of those. Last year, there were pre-tax profits of just over £1m but in 1983 they are likely to be several times higher and should continue to rise if the big development programme underway proves successful.

The L & E approach has enabled it to build up an extensive and diversified £250m development programme while operating from a relatively low capital base. The group has already completed about 30 projects of varying types and sizes—involving nearly 1m sq ft of floor space—and currently has 20 schemes, comprising over 1.3m sq ft, underway. Behind it all, however, are net assets of around £15m.

The group's activities are centred on the south-east, only prime sites will do and the emphasis is on large schemes, a philosophy which has created partnerships with a long list of reputable developers and investors.

An increasing amount of work is being done through joint development companies like London and Metropolitan (Balfour Beatty) and Macwall Estates (Tarmac). L and E has a partnership with Guinness Peat on an office scheme in Bishopsgate and a tie-up with S. and W. Berisford on the Billingsgate project, where it lined up a syndicated £47.5m non-recourse loan, to be drawn on as the scheme progresses. Its own maximum capital commitment is thought to be around £6m.

Peter Beckwith claims the group has not yet had a disappointing building on its hands, though the development programme is only now gathering real momentum. Many of its current schemes are at least partially — some completely — pre-let and it is success with lettings which will dictate the outlook for profits and future expansion.

The absence of any sizeable investment portfolio means investors will be asked to buy on what lies ahead, rather than on what already exists, but there will be no shortage of takers. Expect a price tag in excess of £25m.

APPOINTMENTS

Continental Illinois changes

Mr Jean-Louis F. L. Recoussine, senior vice-president of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST CO. of Chicago, has been named manager of all banking activities in Europe, Africa and the Middle East, as part of a major bank re-organisation. He will be based in London. Mr Recoussine had previously been the head of the international banking department for Europe. His new responsibilities will include activities which were previously part of the multinational banking department and the special industries department, as well as Continental's operations in Africa and the Middle East. CONTINENTAL ILLINOIS LIMITED has made the following promotions: Mr Philippe J. Truffert has been named a managing director, he was an executive director. Promoted to executive directors are: Mr A. Peter Anderson II, Mr Eric P. Darras, Mr Paul L. Gersh and Mr Edwin A. F. Rides; they were associate directors. Ms Linda Y. Crammond and Mr Karl St. J. Martin become associate directors; and Mr Craig A. Kersey an assistant manager. Continental Illinois Limited is the merchant banking subsidiary of Continental Illinois Corpn.

★

Dr Bruce A. Haddock has been appointed managing director of BIOSCOT, a company launched earlier this year by Edinburgh and Heriot-Watt Universities to promote Scottish research in biotechnology in the commercial market. Dr Haddock is associate research director of Biogen SA, Geneva, which he first joined as a senior scientist in 1980.

★

Mr P. W. Darwin has succeeded Mr D. T. H. Davenport as chairman of GROUP INVESTORS. Mr Davenport will join the board of C. S. Investments at the end of the year and has therefore relinquished the chairmanship at his own request in order that a chairman who is independent of the company's managers and secretaries could be appointed. He remains a director.

★

Mr Ray W. Whittaker has been elected senior partner of DEARDEN FARROW. Currently deputy senior partner, Mr Whittaker takes over in April on the retirement of Mr G. P. Townend.

★

THOMSON NORTH SEA has appointed Mr M. D. Rumble its deputy managing director. He has been succeeded as commercial director by Mr R. C. Aylard. Other appointments are: Mr J. Davies, exploration director and Mr G. G. Davies, technical director.

★

GEI INTERNATIONAL has appointed Mr John G. Scott as managing director of Scottish subsidiary Cox Denholm. He was with Munro and Miller, Edinburgh and MacDonald Tubulars, Cumbernauld.

★

Computer-aided maintenance management specialist COMAC SYSTEMS, Colnbrook, has appointed Mr Arthur L. Wells as a director with special responsibility for the company's newly-established consultancy and training division. He joins from H. J. Heinz and Co.

★

Mr W. G. Friggens has become managing director, new projects, and Mr J. B. Watts has been appointed to the main board of F. PRATT ENGINEERING CORPN. and becomes managing director of the workholding activities.

★

Mr Robert Brook, deputy chairman and chief executive of the National Bus Company, has been appointed a non-executive director of UNITED TRANSPORT INTERNATIONAL, wholly-owned subsidiary of British Electric Traction.

★

Mr K. G. Sykes has resigned from the partnership of W. Greenwell and Co. from November 30. He will be joining SCRIMGEOUR, KEMP-GEE & CO. on January 16, and will, subject to the permission of the Stock Exchange, become a partner on April 9.

★

Mr J. O. (Jim) Andre has been appointed an assistant general manager, with responsibility for shipping, oil and energy at MIDLAND BANK INTERNATIONAL. He was corporate finance director, shipping group.

★

THOMAS CHRISTY has appointed Mr John Glover, managing director, its chairman, while Mr Finlan Hansen, finance director, has become managing director.

★

Mr Bill Bowman is to succeed Mr Nicholas Royds as chairman of THE ROYDS ADVERTISING GROUP in the New Year. Mr Bowman will also become managing directors of the Royds Group and join the board of the parent company, Extel Group. Mr Royds has indicated that he would not wish to renew his service agreement which expires at the end of March. Mr Bowman, who has been with United Biscuits for 20 years, is group personnel director, and a director of four subsidiaries. He joins Royds on January 1 1984.

★

Mr Peter Barker has been appointed chairman of BURRUPS PRINTING GROUP in succession to Mr Alan Brooker, chairman and chief executive of Extel Group, the parent company.

CONTRACTS

£113m Saudi radio service work

A SAUDI/West German joint venture has beaten the Italian firm of Sartelco for the operation and maintenance contract for Saudi Arabia's microwave and coastal radio system. Detecon al Saudi, a joint venture between Deutsche Bundespost's Detecon and Beta Company of Saudi Arabia, won the £113.3m contract. The joint venture set up Detasad to handle the contract, is effective from December 5. This gives Detasad 28 days to mobilise even though the contract specifies a 45-day period.

Detasad's bid may be cutting it close. The second lowest bid was for £154.7m by AT & TI of the U.S., with Sartelco placed eighth.

Mr Klaus Remy, Detasad's executive director, said Detecon bid low simply to gain a foothold in the Saudi Arabian market. Detecon currently holds the O and M contract for the Kingdom's telex network. Mr Remy said this new contract will help the company expand from telex operations to other telecommunications fields.

★

A £6m "Buy-British" contract to provide supplies to help Ghana boost its agricultural production, starting with an order for 300 tons of high carbon hot roll strip steel from British Steel—a first-ever order from Ghana—has just been landed by ROBA (UK), a freight forwarding company based at Harlow. "This is the largest export order we have ever landed and the first time we have ever purchased steel for an overseas client," says managing director Mr Seymour Grann. The contract, which covers everything from purchasing to shipping, was placed by Bibiani Metal Complex in Accra, owned by Ghana's Cocoa Marketing Board, the State Gold Mining Corporation and the National Investment Bank.

The contract is covered by a £15m line of credit by Standard Chartered Bank and backed by the Export Credits Guarantee Department. In addition to the steel contract, ROBA have already purchased and shipped tyres from Avon; band saws from H. Pickles, High Wycombe; Coldex cement and industrial chemicals from W. Canning Materials, Birmingham; and Caterpillar spare parts from Durham.

★

MANNESMANN of Dusseldorf has received an order from the Sultanate of Oman for 80,000 metric tons of welded large-diameter pipe for a pipeline to transport sour crude oil. The pipes will be produced at the Muelheim factory of Mannesmannroehren-Werke. Delivery will begin before the end of this year and extend to the third quarter of 1984. The pipes, which will measure 711 mm, 762 mm and 1,067 mm, will be made of special high-quality steel and will get a rust-proof plastic coating. The order was placed by Petroleum Development Oman LLC, which is owned 60 per cent by the State, 34 per cent by the Royal Dutch/Shell Group and 6 per cent by two other interests.

★

BRITISH BROWN-BOVERI has an order worth over £200,000 from Cementation Construction to provide the control and monitoring system for the new coal export terminal at Jarrow Slake, Port-of-Tyne. The order covers design, supply and commissioning of equipment to control and monitor automatically the rail unloading, conveying, stacking, reclaiming and shiploading of coal at up to 2,800 tonnes per hour.

★

Humber Transport and Warehousing Group, Grimsby, has placed an order for 20 Thermovan refrigerated trailers, worth about £500,000, with YORK TRAILER COMPANY.

★

Hong Kong is computerising 20 entertainment and sports venues with SPACE-TIME SYSTEMS British box office computer system, BOCS, under a $1m (£672,500) contract. The order was placed by Hong Kong urban council which owns the 20 theatres, concert halls, stadia and other venues. BOCS will be installed in two phases and will be supplied through the company's newly-appointed Asian distributors, Automated Systems (Hong Kong).

★

Richardsons Westgarth's wholly-owned subsidiary THE HUMBER GRAVING DOCK CO. has been awarded a £2m contract by P & O for refitting the multi-purpose roll-on, roll-off ferry "St Clair," operating on the Aberdeen-Shetland route. £1.3m of the total cost will be provided by a grant by the Secretary of State for Scotland, Mr George Younger.

★

CONSULTANTS (COMPUTER & FINANCIAL), has received an order worth £450,000 from stockbrokers, Phillips and Drew for CCF's software package FISCAL and for the accompanying Honeywell hardware.

SALE BY AUCTION

MILAN COURT
CIVIL ENFORCEMENTS DEPARTMENT
Civil Proceeding No. 19160 announced by Raffineria Settentrionale S.P.A.
Bankruptcy No. 48046
Avv. Fabio Franchini - Via Pietro Cossa 2 Milano
Tel: 02-709 194/781574, Receiver
NOTICE OF SALE BY AUCTION

We announce that on December 7th 1983 at twelve o'clock in the presence of the Official Receiver Dr. Baldo Marescotti will occur the sale by auction of sole lot of the following industrial complex:
Factory for refining topped in Vignate Fraz. Cusana near Milan, consisting of industrial structures, machineries, production plants, tanks and utilities. Total surface 36,300 sq m.
All more shows in instance of sale and decree.
Starting price Lit. 11,000,000,000. Offer on increase Lit. 100,000,000 minimum.
Required payment of purchase, deducted caution money, within 60 days from sale directly to the Receiver and Lit. 60,000 at office of the clerk for expenses pertinent to the transfer of property and cadastral transfer.
The competing, within December 6th 1983 at thirteen o'clock will have to lodge a request (stamped paper) and to deposit caution in money of 10% of the starting price and Lit. 165,000 for expenses by banker's draft headed to Civil Enforcements Department.
More information care of Office of the Clerk.

PUBLIC NOTICES

Trade Descriptions Act 1968
CLOTHING AND TEXTILE GOODS, DOMESTIC ELECTRICAL APPLIANCES, FOOTWEAR AND CUTLERY
Notice of an Order under Sections 8, 9 and 38(1)

The Trade Descriptions (Origin Marking) (Miscellaneous Goods) Order 1981 imposed requirements as to information about country of origin to be given with respect to clothing and textile goods, domestic electrical appliances, footwear and cutlery, including information in advertisements for the sale of such goods. These requirements did not apply to goods first supplied in the United Kingdom before 1st January 1982, nor to advertisements first published before that date. The Secretary of State for Trade and Industry hereby gives notice of his intention to amend the Trade Description (Origin Marking) (Miscellaneous Goods) Order 1981 by removing certain exemptions so that the requirements of that Order apply to goods first supplied in the United Kingdom before 1st January 1982 and to advertisements first published before that date.

Copies of the Order may be obtained from:
The Department of Trade & Industry Room 2809, Millbank Tower Millbank, London SW1P 4QS

CITY OF BIRMINGHAM
GAS AND WATER ANNUITIES
NOTICE IS HEREBY GIVEN that in order to prepare annuity repayments due on 1st January, 1984 the ANNUITIES REGISTER will be CLOSED from 1st December to 15th December, 1983, both dates inclusive.

P. R. SABIN
City Treasurer
The Council House, Birmingham B3 3AB.

COMPANY NOTICES

EUROPE 1 COMMUNICATION
The turnover for Radiodiffusion du Groupe EUROPE No. 1 has reached FF583,942,000 for the 1982-1983 fiscal year (from October 1 through September 30) against FF510,268,000 for the preceding year, i.e. an increase of 14.44%.
The growth of the last quarter of the year (period from July 1 through September 30) reaches 13.93% as compared with the same period of the preceding year: FF128,161,000 against FF112,491,000.

FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE
Principal Office: 67006 STRASBOURG (France)
Headquarters of Operational Services: 55, avenue Kléber, 75116 PARIS

The Ordinary General Meeting of holders of bonds 11[illegible]% 1983-1993 FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE, held on November 7, 1983, has appointed:
—as permanent representatives:
—Mme. Chantal SUCHET, 7 rue du Levant, 92380 GARCHES.
—M. Maurice LEGER, 111 avenue de Verdun, 92130 ISSY-les-MOULINEAUX.
—as substitute representatives:
—Melle. Janine ARNAUT, 89 rue Gassendi, 75014 PARIS.
—M. Georges HENRARD, 52 Impasse de la Halte, 78870 BAILLY.
THE GOVERNING BODY

FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE
Principal Office: 67006 STRASBOURG (France)
Headquarters of Operational Services: 55, avenue Kléber, 75116 PARIS

The Ordinary General Meeting of holders of bonds 13.50% 1982-1992 FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE, held on November 7, 1983, has appointed:
—as permanent representatives:
—M. Maurice LEGER, 111, avenue de Verdun, 92 130 ISSY-LES-MOULINEAUX.
—Mme. Madeleine PRAT, 54, rue de Biarritz, 95 400 ARNOUVILLE-LES-GONESSE.
—as substitute representatives:
—Melle Marie-Chantal HORS, 31, boulevard Lefebvre, 75 015 PARIS
—M. Benoit CINTRAT, 10 rue de la Tour d'Auvergne, 75 009 PARIS.
THE GOVERNING BODY

SOCIETE GENERALE
DOLL US 200 MILLION FRN DUE IN 1990
(with warrants to purchase doll us 100 million 10 3/4% bonds due in 1993)
For six months, November 9, 1983 to May 8, 1984 the notes will carry an interest rate of 10 5/16% per annum.
The interest due on May 9, 1984 against coupon number 2 will be doll us 521,35 and has been computed on the actual number of days elapsed (182) divided by 360.
The principal paying agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG BRANCH

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN TOPPAN PRINTING CO. LTD.
We are pleased to confirm that copies of the Annual Report for the year ended May 31, 1983 of Toppan Printing Co. Ltd., are now available to EDR holders, upon application to the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.
CITIBANK, N.A.
London Depositary
CSSI Dept
November 15, 1983.

TIGER OATS AND NATIONAL MILLING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO HOLDERS OF 5.5 PER CENT CUMULATIVE PREFERENCE SHARES
NOTICE IS HEREBY GIVEN that dividend No. 75 of 2.75% for the half year ending 31 December 1983, equivalent to 5.5 cents per share, has been declared payable to holders of 5.5 per cent cumulative preference shares, registered in the books of the company at the close of business on 2 December 1983.
The dividend is declared in the currency of the Republic of South Africa, and warrants will be posted, by the company's transfer secretaries in South Africa and in the United Kingdom, on or about 2 February 1984.
Dividends payable from the United Kingdom will be paid in United Kingdom currency. Shareholders paid from the United Kingdom will receive the sterling equivalent of the rand currency value of their dividend on 25 January 1984, less appropriate taxes.
The transfer books and registers of members will be closed from 3 to 15 December 1983, both days inclusive.
The dividend is subject to the deduction of 14.520665 per cent non-resident shareholders' tax in the case of those shareholders whose addresses are outside the Republic of South Africa.
By order of the board,
H. YUDELOWITZ, Secretary.
London Office:
40 Holborn Viaduct
London EC1P 1AJ.
United Kingdom Office of the Transfer Secretaries:
Charter Consolidated P.L.C.
P.O. Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ.
17 November 1983.

LEUMI INTERNATIONAL INVESTMENTS N.V.
U.S.$50,000,000
Guaranteed Floating Rate Notes 1985
The interest rate applicable to the above Notes in respect of the six-month period commencing 18th November 1983 has been fixed at 10⅞% per annum. The interest amounting to U.S.$52.14 per bond of U.S.$1,000 nominal and to U.S.$521.35 per bond of U.S.$10,000 nominal will be paid on Friday, 18th May 1984, against presentation of Coupon No. 11.
BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday November 18 1983

Normans still know how to conquer the land, Page 34

WALL STREET

Momentum difficult to maintain

WALL STREET'S attempts to regain the heights reached in the middle of last month were checked yesterday by sluggishness in the bond market, *writes Terry Byland in New York.*

The lacklustre performance in both sectors reflected merely a general unwillingness by investors to push higher, rather than any new or decisive factor.

An early round of games was reversed at mid-session and the market was looking easier until a rally at the end of the day left the Dow Jones industrial average a net 3.35 up at 1,254.67. Turnover remained moderate, with 81.1m shares traded and stock gains finally ahead of losses. Both the Nasdaq and American stock exchange recorded small gains.

The postponement by the Treasury of its planned auction of two-year notes because of delays over the debt ceiling reinforced unease in the credit markets at the weight of federal funding hanging over them.

There was only a muted response to Dr Henry Kaufman's warning that yields at the long end of the debt market could reach 13 per cent in the present cycle. Bond traders said the market seemed to be in a trading range which was unlikely to be broken in the near term.

AT&T again topped the list of active stocks, with the price shading down $⅛ to $63⅜. The dividend announcements were welcomed since AT&T is widely held as an income-producing stock.

In the corporate bond market there was little change in quotations for debt securities of AT&T and Western Electric, its manufacturing subsidiary, after Standard and Poor's, the rating agency, had put some of their debt on to its negative Creditwatch list.

ITT edged higher by $¾ to $43 on news that its Hartford insurance subsidiary is buying a stake in Thomson McKinnon, an unquoted Wall Street securities house.

Other leading stocks were often a shade lower, with a fall of $1⅜ to $123⅜ in IBM setting the trend to lower levels.

Fresh evidence of the problems in the computer industry came when stock in Control Data plunged $2⅜ to $43⅛ after market analysts, fresh from meeting the board, cut their profit forecasts for the group. Coleco was delayed at the market opening after press reports of slow sales of its Adam computer, but reopened at $18½, only $½ down.

Motor issues were almost the only sector to stand against the trend, but gains were small, with General Motors $⅜ up at $76⅛, Chrysler $⅛ better at $27⅞, and Ford $1⅛ up at $65⅛.

Profit-taking in bank shares after the upturn at the beginning of the week took $1⅛ off Citicorp at $34⅛.

Among the industrials, Union Carbide eased $⅛ to $66⅛ on its plan to sell some assets, while Monsanto at $107⅛ shed $1⅛ and Du Pont was unchanged $53⅛.

With its long strike still unsettled, McDonnell Douglas lost $1⅛ to $55⅝, while Boeing, which will benefit if McDonnell withdraws from civil aerospace building, shed a quarter to $40½.

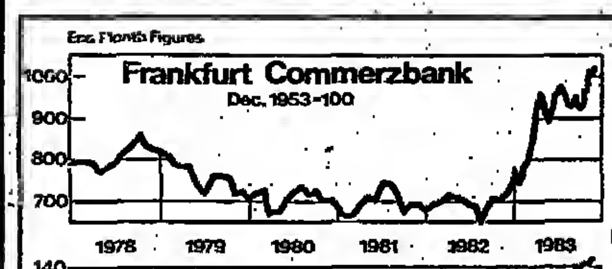
Greyhound, the cross-state coach operator, added $⅛ to $23½ as some routes returned to normal working after a strike-ridden period.

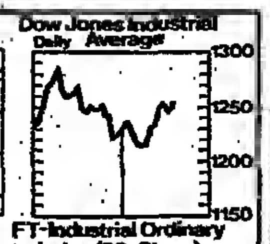
Heft trading was seen in Gulf Oil as the defence against Mr Boone Pickens and his associates gathered pace. However, Gulf stock was $1⅛ higher at $42⅞ after touching $43⅛ earlier.

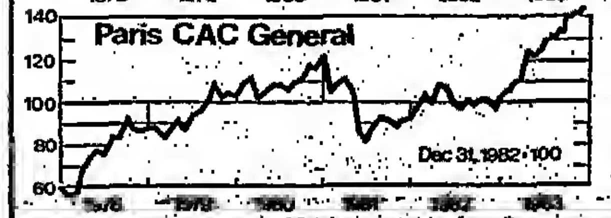
Trading news brought falls of $⅜ to $24½ in Consolidated Edison and $⅜ to $58⅛ in Campbell Soup. Blue Bell, buying in stock, slipped $⅜ to $38⅛.

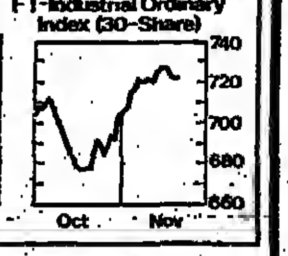
Rates were around five basis points lower in Treasury bills, with the three-month bill at an 8.83 per cent discount and the six-month at 9 per cent. Bonds lacked support from the outset and gained only temporary benefit from four-day system repurchases from the Fed, when Fed funds stood at 9⅛ per cent. The key long bond slipped back to 101²⁷⁄₃₂, a net fall of ⁴⁄₃₂.

KEY MARKET MONITORS









STOCK MARKET INDICES

	Nov 17	Previous	Year ago
NEW YORK			
DJ Industrials	1254.67	1251.32	1027.5
DJ Transport	599.96	598.28	433.68
DJ Utilities	138.10	138.49	119.51
S&P Composite	166.12	166.08	137.93
LONDON			
FT Ind Ord	721.8	722.8	625.9
FT-A All-share	452.97	453.96	388.23
FT-A 500	486.43	488.34	434.18
FT-A Ind	445.36	446.41	408.17
FT Gold mines	493.0	521.0	389.7
FT Govt secs	83.14	83.52	81.81
TOKYO			
Nikkei-Dow	9416.95	9430.81	7740.10
Tokyo SE	690.79	691.65	565.7
AUSTRALIA			
All Ord.	710.1	710.8	499.2
Metals & Mins.	512.7	514.8	411.2
AUSTRIA			
Credit Aktien	54.31	54.26	47.72
BELGIUM			
Belgian SE	127.9	128.33	98.72
CANADA			
Toronto Composite	2463.18	2454.9	1828.31
Montreal Industrials	433.70	431.82	320.34
Combined	418.66	416.82	308.88
DENMARK			
Copenhagen SE	196.58	194.34	90.59
FRANCE			
CAC Gen	144.3	143.8	100.3
Ind. Tendance	153.2	153.4	121.0
WEST GERMANY			
FAZ-Aktien	343.33	342.02	235.98
Commerzbank	1021.9	1016.8	717.5
HONG KONG			
Hang Seng	882.29	864.58	810.79
ITALY			
Banca Comm.	188.87	187.17	158.70
NETHERLANDS			
ANP-CBS Gen	139.1	139.2	95.0
ANP-CBS Ind	112.3	112.0	74.9
NORWAY			
Oslo SE	193.62	195.65	101.01
SINGAPORE			
Straits Times	943.14	937.61	748.54
SOUTH AFRICA			
Golds	n/a	731.9	671.9
Industrials	n/a	902.0	881.5
SPAIN			
Madrid SE	127.93	127.28	107.14
SWEDEN			
J & P	1439.41	1437.7	819.17
SWITZERLAND			
Swiss Bank Ind	353.1	350.5	266.7
WORLD	Nov 16	Prev	Yr ago
Capital Int'l	181.0	180.4	145.3

GOLD (per ounce)

	Nov 17	Prev
London	$374.875	$383.125
Frankfurt	$375.75	$383.50
Zürich	$376.50	$383.50
Paris (fixing)	$377.48	$382.43
Luxembourg (fixing)	$376.25	$383.00
New York (Nov)	$377.20	$375.20

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Nov 17	U.S. DOLLAR Previous	STERLING Nov 17	STERLING Previous
$	–	–	1.4785	1.484
DM	2.697	2.687	3.985	3.9725
Yen	236.15	235.35	349.25	349
FFr	8.1975	8.17	12.115	12.0775
SwFr	2.1825	2.166	3.23	3.21
Guilder	3.022	3.0065	4.47	4.4475
Lira	1633.5	1625.5	2414.5	2401.5
BFr	54.72	54.57	80.9	80.6
C$	1.23725	1.23675	1.829	1.8345

INTEREST RATES

	Nov.17	Prev
Euro-currencies (offered rate)		
£	9⅝	9⁹⁄₁₆
SwFr	4⁷⁄₁₆	4³⁄₁₆
DM	6⅛	6⁵⁄₁₆
FFr	13⅛	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9¹⁵⁄₁₆
6-month U.S.$	10 ⅛	10¹⁄₁₆
U.S. Fed Funds	9⅜	9½
U.S. 3-month CDs	9.5	9.5
U.S. 3-month T-bills	8.83	8.77

U.S BONDS

Treasury	Nov 17 Price	Nov 17 Yield	Prev Price	Prev Yield
10⅜ 1985	99⁸⁄₃₂*	10.62*	99²⁹⁄₃₂	10.58
11½ 1990	99¹⁹⁄₃₂*	11.62*	99¹⁹⁄₃₂	11.58
11.75 1993	100 ⁴⁄₃₂*	11.69*	100¹⁶⁄₃₂	11.66
12 2013	101²⁹⁄₃₂*	11.79*	102 ⁸⁄₃₂	11.74
Corporate	**Price**	**Yield**	**Price**	**Yield**
AT & T				
10⅜ June 1990	93⅝*	11.80*	93⅞	11.75
3⅞ July 1990	67⅝*	10.85*	67⅞	10.80
8¾ May 2000	75⅛*	12.15*	76⅛	12.10
Xerox				
10⅜ March 1993	91⅞*	12.10*	92⅜	12.00
Diamond Shamrock				
10⅜ May 1993	90½*	12.35*	90⅞	12.30
Federated Dept Stores				
10⅜ May 2013	86⅞*	12.35*	85⅜	12.45
Abbot Lab				
11.80 Feb 2013	95⅝*	12.35*	94⅞	12.45
Alcoa				
12⅛ Dec 2012	95½*	12.85*	94⅜	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70–27	70–30	70–21	70–30
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.02	91.03	90.97	91.07
Certificates of Deposit (IMM) $1m points of 100%				
December	90.38	90.39	90.34	90.44
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.17	90.21	90.15	90.28
20-year Notional Gilt £50,000 32nds of 100%				
December	109–15	110–04	109–13	110–19

COMMODITIES

(London)	Nov. 17	Prev
Silver (spot fixing)	579.50p	607.95p
Copper (cash)	£923.00	£945.00
Coffee (Nov)	£1897.50	£1902.50
Oil (spot Arabian light)	$28.10	$28.17

LONDON

Watchword continues to be caution

CAUTION was the name of the game for the two main investment areas of London stock markets yesterday as they passed a quiet session awaiting the Chancellor of the Exchequer's statement.

Gilt-edged securities became particularly nervous, and a late rally still left falls of around ¾ at the long end, while the unimpressive equity market was reflected in the FT Industrial Ordinary index, off 1.0 at 721.8.

Speculative activity in the financial sectors quietened; oil shares weakened on the Opec ministers' apparent disagreement on pricing policies; while defence stocks gave ground on fears of spending cuts.

Details, Page 29; Share information service, Page 30-31.

AUSTRALIA

STRONG GAINS among industrials offset losses among metal miners in active Sydney trading. The All Industrials index advanced 1.8 to a new high of 919.6 but the All Ordinaries index was 0.6 off at 710.1

CSR dipped 6 cents to A$3.60 after its small increase in first half profit, while BHP which reached A$13 on Wednesday fell back to A$12.90.

Elsewhere, banks improved with Westpac 4 cents firmer at A$3.49 ahead of today's interim profit announcement, while National Australia Bank added 3 cents to A$3.81.

HONG KONG

LOCAL institutional demand took shares higher in Hong Kong during a session that was little influenced by external factors. The Hang Seng index rose 17.71 to close at 882.29.

Among the leaders, Cheung Kong rose 15 cents to HK$7.25, China Light 30 cents to HK$14.50, Hongkong Land 8 cents to HK$2.90 and Hongkong Bank 5 cents to HK$7.20.

Hutchison Whampoa added 60 cents to HK$13.80, Jardine Matheson 50 cents to HK$11.70 and Swire Pacific "A" 30 cents to HK$14.80.

SINGAPORE

SUSTAINED BUYING brought small price rises across a broad front in Singapore and the Straits Times Industrial index closed up 5.53 to 943.14.

United Engineers was the most actively traded issue and it added 11 cents to S$1.09, following speculation that it may have found a buyer for its stake in United Engineers Malaysia.

Magnum Corporation and Wearne Brothers each gained 12 cents to S$3.98 and S$4.28. Ten cent rises took Hume Industries to S$5.70, Malayan Bank to S$9.30 and Hong Leong Credit to S$7.10.

Trading in the second section was also higher.

SOUTH AFRICA

THE OVERNIGHT slide in bullion values brought a sharply weaker opening for Johannesburg golds, but some speculative demand emerged later – centred mainly on the cheaper-priced producers while high-cost, short-life mines remained the most severely hit.

Buffelsfontein was 75 cents lower at R54 while Kloof shed R2 to R48.50.

Rand London lost half its value, down 16 cents to just 30 cents on its plans to take on a further 20 per cent of its coal subsidiary. Industrials fared somewhat better.

CANADA

A MIXED pattern emerged in **Toronto**, although advances in golds, metals and mining issues more than counterbalanced declines in other sectors, which were led down by oil and gas stocks.

Montreal was marginally firmer with advances seen in industrials, utilities, banks and papers.

TOKYO

Hitachi finds itself back in favour

PROFIT-TAKING set in after four consecutive days of advance in Tokyo yesterday, with the 225-issue Nikkei-Dow market indicator losing 13.86 to 9,416.95, *writes Shigeo Nishiwaki of Jiji Press.*

With the exception of Hitachi, there were no incentives for active buying and investors aimed at reaping immediate profit by purchasing cash-traded stocks.

Trading shrank from the preceding day's 326m shares to 287.50m. Losses outpaced gain 398 to 295, with 117 issues unchanged. Volume leader was Oki Electric with 10,905,000 shares traded; it finished at Y775, up Y4. It was followed by Nihon Nosan Kogyo, with 8,121,000 shares.

Investors sought Hitachi, which had been on the decline since last week, when it was reported in the U.S. that the company had agreed to pay $300m to IBM in settlement of their industrial espionage case.

But Hitachi announced yesterday that it had agreed to pay IBM a lump sum of a little more than Y10bn ($42.5m) and about Y500m a month in software royalties. Investors returned, apparently on the belief that this accord was likely to hurt the Japanese company less than the one reported earlier. At one stage, Hitachi added Y20 to Y862, but small-lot selling gradually pared the gain and shares closed the day at Y850, up Y8.

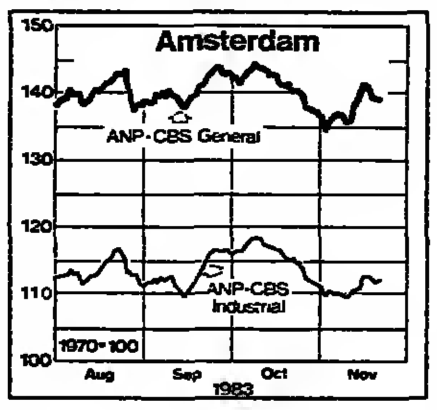
Bond market transactions dwindled further. Some corporations bought, in small lots, short-term bonds such as bank debentures maturing in January or February next year but many buyers and sellers kept to the sidelines.

The yield on the barometer 7.5 per cent government bonds maturing in January 1993 dipped slightly from 7.725 per cent the preceding day to 7.72 per cent. The yield has thus declined by only a fractional 0.02 percentage point from 7.74 per cent on October 30.

On the stock market, Sanyo Electric added Y7 to Y480 and Ajinomoto Y35 to Y1,020. Cash-traded issues also advanced, with Rasa Industries rising Y34 to Y272 and CKD Y39 to Y553. Investors apparently hoped to score immediate profit by purchasing lacklustre and spot-transaction issues on the generally dull market.

Most drugs were down, with Dai Nippon Pharmaceutical losing Y210 to Y2,870 and Banyu pharmaceutical Y20 to Y1,050. So were large-capital issues such as Kawasaki Steel, off Y6 at Y164, and Mitsubishi Heavy Industries, down Y4 at Y246.

Blue chips were generally lower, but Kyocera added Y370 to Y7,620 and Canon gained Y10 to Y1,430.



EUROPE

Frankfurt sees peak and retreats

WEST GERMAN investors took heart from encouraging results turned in by Hoechst, the chemicals group, when the Frankfurt bourse reopened yesterday following Wednesday's Repentence Day holiday.

Gains established early on took the Commerzbank index, calculated at mid-session up 5.1 to a new 23-year high of 1,021.9 – 10 points short of its all-time record.

However, sharp falls were recorded later in the day as a round of selling began with Siemens, ahead of an announcement expected today on dividend and results for the year to September 30 for the parent company.

Siemens dropped DM 5.50 from the previous close to end at DM 386.50 while among other electricals, AEG fell DM 1.50 to DM 78.50 and Brown Boveri shed DM 1.20 to DM 215.

Preussag was depressed by its one-for-seven rights issue, declining DM 3.50 to DM 260, while elsewhere in metals, Degussa fell DM 6 to DM 348.50.

Klöckner-Werke shed 30 pfg to DM 37.6 following its announcement of a partial merger of its steel operations with Arbed of Luxembourg.

In chemicals, Hoechst rose early in the session following its sharp rise in nine-month profits but was later beset by profit-taking. It closed 20 pfg lower on the day at DM 181.20.

Elsewhere, Holzmann shed 50 pfg to DM 420 after its forecast of satisfactory profits this year, coupled with a warning of a decline in work and new orders in the U.S.

Linde dipped DM 9 to DM 371 on its expectation of lower profits this year.

Bonds closed lower amid new uncertainty over the course of U.S. interest rates. The Bundesbank sold DM 4.5m in public sector bonds, compared with DM 2.3m worth on Tuesday.

In **Amsterdam**, trading was brought to a halt for around half an hour when 100 demonstrators occupied the gallery of the exchange and showered the trading floor with leaflets protesting about planned cuts in social security payments.

Some brokers are reported to have turned foam fire extinguishers on the group while others became involved in fist fights. Trading ended mixed to higher in confused conditions after police had evicted the demonstrators.

Philips was Fl 2.60 lower at Fl 40 after its third-quarter results had failed to live up to some market expectations.

The French franc's fall against the dollar and some profit-taking left Paris easier at first, but prices later picked up as volume increased.

Chemicals were mixed after reports that the Government would not grant a pharmaceutical price rise this year. Roussel-Uclaf added FFr 6 to FFr 686, but Nobel Bozel fell 20 centimes to FFr 9.50.

Very little activity was seen in Brussels as the market readied itself for the large number of capital increases scheduled for next week.

Revived demand for blue chip issues

Continued on *Page 28*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	8⅛	AAR	.44	3.0	19	22	14½	[illegible]	14½	[illegible]
57⅝	39½	ACF	1.40	[illegible]	[illegible]	379	51¼	51	51¼	
18⅝	14⅝	AMF	.50	3.1		742	16½	16⅛	16⅛	−¼
38¾	15¾	AMR Cp			16	4329	36⅝	[illegible]	36⅝	
19½	15	AMR	pf2.18	11.		47	19⅛	19	19	
33¾	24⅝	AMR	pf2.13	5.6		35	[illegible]	37⅝	38⅛	[illegible]
15⅛	3⅛	APL			19	72	[illegible]	11⅝	11⅞	−⅛
55	31¼	ARA	2.25	4.2	11	41	51½	51¼	51¼	
79½	49	ASA	3a	5.7		729	52½	51⅛	52¼	+½
33¾	14	AVX	s .32	1.2	41	109	27⅛	26⅝	27	+½
53⅝	34¾	AbtLab	1	2.1	12	[illegible]	49	47¾	47⅞	−1⅝
30⅛	23¼	AccoW	n .60	2.3	15	1662	26	25¾	26	+¼
27½	16¾	AcmeC	.40	1.7		45	24¼	23¾	23⅞	+⅛
14⅝	7⅞	AcmeE	.32b	3	2506	54	10⅝	10	10⅛	
24⅞	8¼	AdmDg	.04	.2	17	20	22½	22¼	22¼	+¼
18⅝	15	AdaEx	1.73e	9.7		32	18⅛	17⅞	17⅞	−⅛
19¾	7¼	AdmMl	.24	1.5	8	221	16⅛	15⅞	16⅛	−⅛
18⅝	8⅛	Advest	.12	.9	8	311	13	12⅝	13	−⅛
34⅝	10⅝	AMD	s		55	3570	32¾	31⅝	32⅝	+⅝
24⅝	12⅞	Aeroflx	s		15	56	14¼	14⅛	14¼	−⅛
43⅝	32⅞	AetnLf	2.64	7.3	9	1930	36⅞	35¾	36	−⅛
60	55¼	AetL	pf5.16e	9.0		1464	57¼	57⅛	57⅝	+⅛
40½	22⅞	Ahmns	1.20	4.1	8	450	30	29⅛	29½	−½
7⅞	2⅛	Aileen				29	4⅛	4⅛	4⅛	−⅛
51	31	AirPrd	1	2.2	13	449	44⅛	[illegible]	44⅝	−⅛

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
22¾	8⅛	AAV	32	2.1	11	5	15⅞	15¼	15⅝	+⅛
4¼	2¼	AICPb				9	2⅞	d2¼	2⅜	-⅛
6⅛	1⅛	ATI				219	1⅞	d1¼	1¼	-⅛
12¾	2¾	AcmePr			6	5	6⅛	6	6	-⅛
19½	11⅞	AcmU	s.32	2.0	17	6	15⅞	15¾	15⅞	+⅛
14½	8⅛	Action	n		6	119	12⅛	11⅞	12	-⅛
12	6⅛	Actons	.1t	15.	23	31	6⅞	6⅝	6⅝	+¼
6½	1½	Actn	wt			50	2¼	2⅛	2⅛	-⅛
6	1¼	AdmRs				17	3½	3⅜	3½	+⅛
30⅝	17⅛	AdRusl	s.10	4.	16	10	23⅝	23¼	23⅝	+¼
28⅞	14¾	Adobe	.24	1.2	13	79	19½	19	19⅜	+⅛
5⅞	2⅝	AeroCp			13	96	4	3⅞	3⅞	
7	4	Aeronca			7	35	4⅞	4¾	4⅞	-⅛
32½	16⅞	AfilHsp	.36	1.6	10	3	22⅝	22⅜	22⅝	-¼
45	24¼	AfilPb	s.64	1.6	15	82	40	38¾	39⅝	+⅛
17½	4½	AltSt			9	52	11⅛	11¼	11⅜	+¼
15½	5⅞	AirExp				128	6⅞	6⅝	6⅝	-⅛
9⅛	4¼	Alamc	n		9	26	4⅞	4⅝	4⅝	
23⅛	5⅞	AlbaW	.15a	1.0	10	51	14⅝	14⅜	14⅝	+⅛
12¾	3	AlcTz	s			4	4⅛	4⅛	4⅛	+⅛
12¾	7⅛	AlmySt		1.6		2	12¾	12¾	12¾	-⅛
18½	5⅝	AlphaA				14	6⅞	6⅝	6⅝	
28⅛	16⅛	Alphain	.05	.2	29	219	20⅝	19⅞	20⅝	+½
22¾	11	Altarsil	.40	1.8	14	6	u22¾	22⅛	22¾	+⅛
1⅞	⅛	Altec	s			70	⅛	½	⅛	-⅛
2⅞	1⅛	Altex				69	1⅛	1⅛	1⅛	
11-16	1-16	Altex	wt			28	⅛	⅛	⅛	
37	26½	Alcoa	pf3.75	11.		z300	33	32½	33	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales [illegible]

WORLD STOCK MARKETS

LONDON

Real-time equity index on way next year

A NEW INDEX of UK equity prices will become available early next year, operating under the control of the London Stock Exchange, *writes Eric Short in London.*

The Stock Exchange Council yesterday officially announced the introduction of an index based on the price movements of 100 of the largest listed UK companies, thus confirming reports of the appearance soon of an "SE 100" index.

The index will be as close as possible to a real-time indicator, with a price movement of one of the constituents immediately used to recalculate the index. It will be available continuously during the business hours of the exchange.

The new index will be calculated on a weighted arithmetic basis, the same as is used in the FT-Actuaries indices. The price collection, calculation and dissemination of the index will be carried out by the stock exchange.

This will be the first time that the exchange has taken on the responsibility for calculating an equity index relating to the stocks quoted there. This is in contrast to many markets outside the UK where the stock exchange concerned publishes the official equity index.

Pressure for a new index has come from the London International Financial Futures Exchange, where it was felt that existing equity indices did not meet their requirements.

Guidelines for the index have already been drawn up by a stock exchange working group. But the exchange is widening the involvement of users of the index in the selection of the 100 constituents and any subsequent variations.

This will be the responsibility of a steering committee, which is likely to include representatives of leading users and professional bodies – such as the Faculty of Actuaries, which has wide experience of constituent selection through the FT-Actuaries index.

The intention is to produce a trial index for publication in January 1984 on an experimental basis for two months before going live next March.

SOUTH KOREA

State loans help out again

FOR THE second time in six weeks the South Korean authorities have injected temporary funds into the Seoul stock market, in the wake of the disruption to the country's economic management wreaked by the October 9 bomb blast in Rangoon, Burma, which killed four visiting cabinet ministers.

The Finance Ministry, which that week issued 30bn won ($36m) in loans to securities houses on favourable terms through the Korea Securities Finance Corporation (KSFC), has now authorised a further W20bn package, in an attempt to stem a slide in prices and dwindling turnover.

The funds began filtering through on Wednesday, prompting a brief rally in the exchange's composite index – up 1.27 to 121.22 after having fallen below 120 on Tuesday – and a strong revival in volume to some 12m shares from 4.3m earlier in the week.

But the initial impetus provided by the new funds was short-lived, and yesterday the index returned to 120.46 and the number of shares changing hands fell off to around 6m.

The KSFC loans generally regarded as "soft," allow the securities houses to make share purchases for their own account in the absence of demand from clients.

The mechanism managed last month to establish an immediate support level for the market.

EUROPE

Continued from Page 25

helped **Zurich** to move firmer. Alusuisse featured among the gains, putting on SwFr 25 to SwFr 780 – after Wednesday's SwFr 17 decline – on further consideration of its forecast of a lower deficit this year.

Holding companies were depressed, with Groupe Bruxelles Lambert down BFr 15 at BFr 2,270, Copeba down BFr 20 at BFr 2,650 and Société Générale de Belgique BFr 10 easier at BFr 1,545.

Shares were selectively firmer in **Milan** on a technical recovery after last week's falls and a slightly higher tone was also seen in **Madrid.**

Stockholm ended mixed to higher in moderate trade. Esselte, which late in the day announced higher profit for the first six months and forecast a continued improvement in the nine-month period, ended steady at SKr 305.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

JAPAN

SOUTH AFRICA

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK CLOSING PRICES

Continued from Page 27

Indices

NEW YORK – DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

(**) Saturday Nov. 12: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Gilt-edged easier on worries about interest rates

Equities little changed—Golds weak

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19

*" New-time " dealings may take place from 9.30 am two business days earlier.

Caution was the name of the game for the two main investment areas of London stock markets yesterday as they passed a quiet session awaiting the Chancellor's economic statement. Gilt-edged securities became particularly nervous, sustaining falls ranging to a point at one stage. Leading UK equities generally marked time, trading throughout at, or near, the overnight levels.

The mood of uncertainty in the gilt-edged market followed the warning by Henry Kaufman of Salomon Bros about the future course of U.S. Interest rates and news of UK Treasury concern about last month's acceleration in Government spending.

Quotations drifted lower from the outset on profit-taking and the lack of fresh support. Falls at the longer-end ranged to a full point before a late rally left closing falls of around ¾ at the 3.30 official "House" close, though the tone turned easier again in the late trade. Among shorter-dated securities, dealings in the new partly-paid 10 per cent Exchequer, 1989, tap stock, got off to a disappointing start: opening at a discount of ½, the £20-paid stock closed at a discount of ½. Losses in other shorts ranged to ¾, and the FT Government Securities index shed 0.38 at 83.14.

Interest in equity shares was highly selective with special situations and those companies reporting trading statements providing the focal points. Speculative activity in the Financial sectors quietened considerably awaiting the terms on which Mercury Securities is to acquire a 29.9 per cent stake in stockjobbers Akroyd and Smithers; the announcement, originally scheduled for yesterday, is now expected today.

Oil shares weakened, unsettled by the Opec ministers' apparent disagreement on pricing policies, while defence stocks gave ground on fears of defence spending cuts. In the latter category, Plessey declined despite reporting second-quarter profits in line with market expectations, while GEC lost 6 more for a two-day fall of 14 at 196p with sentiment also depressed by talk of a downgraded profits forecast. Reflecting renewed U.S. support, ICI advanced 8 to 602p, after 606p.

The Financial Times Industrial Ordinary share index fully illustrated the unimpressive proceedings, opening and closing with a loss of a point at 721.8 which was also the day's lowest.

The Chancellor's economic statement contained no surprises and had no apparent effect on sentiment "after-hours."

South African gold shares reflected concern about U.S. interest rate trends and closed with falls of £3 among the heavyweights. This left the Gold Mines Index nursing a drop of 28 points at 493.0.

Considered to be undervalued to many other market areas, the major clearing banks advanced sharply in response to renewed support. Lloyds led with a gain of 15 at 528p, while Midland put on 9 to 433p and improvements of 8 and 7 respectively were seen in NatWest, 635p, and Barclays, 485p.

Still reflecting the poor third-quarter profits, Royals fell 7 more to 483p, while other Composite Insurances continued to retreat in sympathy. Among these, Eagle Star softened 3 to 647p; talk was widespread yesterday that if Allianz bids again for the group it will be after a dawn-raid on Monday when the new terms offered will be 650p per share, 150p more than Allianz's original offer and 75 higher than BAT Industries' agreed bid. Elsewhere, Life issues gave ground with Prudential 6 lower at 454p and Pearl 5 off at 737p.

Newcomers in the Unlisted Securities Market traded irregularly with Aspinall encountering profit-taking and reacting 6 to 170p but Thursday's debutant V. W. Thermax rising that amount to the best yet of 123p.

-petaoin shrdlu cmfwy vbg vbgq

Breweries drifted lower throughout the session for want of attention. Grand Metropolitan reacted 7 to 333p, while Whitbread, 134p, and Bass, 310p, eased 4 and 5 respectively. Allied-Lyons, the next major to report trading results, the first-half figures are due November 29, gave up 3 to 144p. In contrast, Wines and Spirits took up a firmer stance under the lead of Arthur Bell which, having been a depressed market recently, rallied 9 to 137p. Distillers closed a penny to the good at 227p following the company's presentation to brokers on the reintroduction of the former best-selling Johnnie Walker Red Label scotch whisky.

Tarmac attracted investment interest and gained 8 to 416p helped by the announcement of a £9.5m acquisition of concrete building blocks interests, but other features in the sector were confined to secondary stocks. M. J. Gleeson eased 2 to 192p as the slightly cautious view of prospects outweighed the increased dividend and profits, but J. Latham picked up 5 at 180p. In thin markets, Blockleys and C. H. Pearce moved up 25 apiece to 350p and 475p respectively. Elsewhere, revived speculative attention took Edward Jones up 3 to a peak for the year of 48p.

U.S. influences were largely responsible for continued firmness in ICI which rose to 606p before settling a net 8 up at 602p.

Burton nervous

Dealers reported a reasonable two-way turnover among leading Stores with sellers just holding sway. Burton reacted to nervous offerings ahead of next Tuesday's preliminary figures and eased 6 to 372p, while recent favourite Debenhams eased the turn to 140p despite call option activity. Secondary counters usually displayed useful rises. MFI attracted support and closed 7 to the good at 155p, while buyers also came in for J. Hepworth, 8 better at 206p, and I. D. and S. Rivlin, 3 up at 58p. Aquascutum A hardened a penny to 35½p, the reduced interim profits relieving a market prepared for a loss. Ward White rose a few pence to 107p with sentiment helped by a sale-and-leaseback deal, while a further statement concerning the proposed acquisition of Jersey-based Langlois lifted Courts Furnishers A 7 to 128p.

Overshadowed by defence spending cut fears, Leading Electricals traded nervously with Plessey easing 6 to 214p, after 212p, despite second-quarter figures in line with most expectations. GEC lost 6 to 196p and Racal closed a couple of pence cheaper at 186p. Philips Lamp fell 72 to 905p after the third-quarter figures. Cable and Wireless, up 11 at 293p, staged a useful revival following comment on the interim results. Atlantic Computer were outstanding at 360p, up 17, along with Security Centres, 12 to the good at 265p. Memmos, a poor market last week, encountered speculative demand and put on 5 to 29p. Other firm spots included Bowthorpe, 7 better at 242p, and Muirhead, 6 up at 162p.

Engineers recorded the occasional firm spots. Babcock International, reflecting Press mention, improved 5 to 141p, while J. and H. B. Jackson, also on comment, improved 3 to 66p. News of the Russian contract worth over £7m left Molins a similar amount dearer at 110p. B. Elliott, however, fell 4 to 35p on the half-year loss.

Kwik Save lost 5 to 325p despite the increased profits and proposed 100 per cent scrip issue; immediately after the announcement the price improved to 335p but soon reacted to 323p influenced by a put-through of some 2m shares at around 320p. Favourable Press conclusions on the first-half results failed to support Tesco, a further 3 off at 166p, but Tate and Lyle rallied from early dullness to close 2 harder at 392p, after 386p; talk persisted that either one or two groups were building up a stake.

Suggestions of a broker's downgraded profits forecast, which matched other broking estimates, lowered Trusthouse Forte 7 to 166p.

Bowater improve

Favourable Press mention stimulated further buying interest in Bowater which touched 220p before settling 8 up on balance at 216p. Other miscellaneous industrial leaders to show to advantage included Glaxo, 10 higher at 733p, and BTR, 8 to the good at 383p. Pilkington Bros, however, became nervous market and closed 5 cheaper at 235p pending the outcome of the ballot on an official strike over the company's plans to devolve collective bargaining to plant level. Elsewhere, LCP gave up 6 to 85p following the interim figures and the absence of any announcement on the hoped-for demerger of Whitlock.

LRC International closed a shade dearer at 117p after satisfactory interim results, but Lep Group fell 25 to 435p in a limited market on the reduced half-year [illegible] broker's favourable circular prompted demand for Turner and Newall, 7 to the good at 69p. Cyprus political worries and competition fears made for fresh dullness in Polly Peck, down 1 further at £21½ after £20; Cornell eased 10 more to 203p and Wearwell 4 to 70p. London and Liverpool encountered selling following comment on the interim figures and gave up 5 to 41p. Wedgwood, in contrast, improved 5 to 113p on bid hopes.

East Midland Allied Press "A" closed 3 firmer at 65p following the increased interim profits and dividend and confident accompanying statement. Elsewhere, steady support lifted Carlton Communications 13 to 388p, while Bunzl returned to favour with a gain of 8 at 380p.

Stock Conversion up

Speculation concerning Euston Centre shareholdings and the possibility that they could involve a raid leading to an eventual outright bid for Stock Conversion generated interest throughout the Property sector. Stock Conversion jumped 20 more to 320p as trading became restricted, while market leader Land Securities rose 5 to 338p. Encouraged also by a broker's advice, MEPC gained 6 to 249p. Other features included Bairstow Eves 5 up at 77p following Press mention, and Greycoat City Offices, 6 higher at 148p. Laing closed similarly better at 225p. Among heavier-priced issues, Churchbury advanced 10 to a 1983 high of 625p.

Support was again evident for selected Investment Trusts. Triplevest Capital, 439p, and Altifund Capital, 326p, rose 9 and 8 respectively, although London Trust came on offer after the interim statement and closed 5 cheaper at 73p. External held unchanged at 370p on the proposed £4m issue of Convertible loan stock.

Mercury Securities rose 10 to 465p; details of the company's move to take a near-30 per cent stake in Akroyd and Smithers will be announced today together with the latter's preliminary results which were originally scheduled for yesterday. Smith Brothers, the other quoted London stock jobber, rallied 4 to 81p. Other Financials went better in late trading with Exco 17 up at 610p, and Mills and Allen 18 dearer at 350p.

Oils shares remained friendless pending the outcome of the current Opec talks. Shell were noteworthy for a fresh fall of 10 to 554p, while BP drifted off to close 4 cheaper at 410p. Burmah sustained by recent bid speculation, again moved against the trend with a rise of 3 to 164p. Elsewhere, talk of a North Sea find made for volatile trading in Sun (UK) Royalty which touched 315p before closing 25 up at 290p.

Golds sharply lower

An overnight prediction by a leading Wall Street analyst of higher U.S. interest rates next year brought an abrupt halt to the recent recovery movement in South African Golds.

Both bullion and gold shares fell sharply in the U.S. overnight and prompted similar trends in London from the outset.

After an initial flurry of selling pressure, which generally emanated from Johannesburg and London, share prices settled at the lower levels.

An attempted mid-afternoon rally proved unsuccessful and quotations drifted lower to close at the day's worst. The Gold Mines Index dropped 28.0 to 493.0, while bullion closed a net $8.25 lower at $374.875 an ounce, its lowest closing level since August 1982.

Notable casualties in the leading heavyweights included Randfontein, which fell £3 to £79¾. Vaal Reefs, £2½ off at £65¼. Hartebeest, a like amount lower at £42 and Western Deep which retreated £2 to £30¼.

Medium and lower-priced issues suffered substantial losses, especially Blyvoor, 63 down at 862p, Welkom, 72 cheaper at 727p and Deelkraal, which gave up 16 at 253p.

Financials, both South African and London-based, were similarly depressed. In the former sector, De Beers attracted heavy selling in early trading and fell 11 to 503p, while Gold Fields of South Africa dipped ½ to £12¾.

Dealings resumed in Rand London Corporation and Rand London Coal Corporation, which were changing hands at 24p and 26p respectively prior to the suspension of dealings on November 7; both were quoted at 20p on the resumption of dealings which followed the announcement of their proposed merger.

London Financials retreated in the face of weak precious and base-metal prices and a general lack of interest. Losses of 10 were common to Charter Consolidated 225p, and Consolidated Gold Fields, 470p.

The marked weakness in Golds encouraged persistent offerings of Platinums to which falls of 25 were common to Rustenburg and Lydenburg, at 640p and 490p respectively.

A quiet Australian sector was highlighted by notable weakness in Ashton Mining, 5 cheaper at 82p.

Demand for most Traded Option classes declined slightly, although total volume held up well due to an active business in ICI positions which recorded 951 trades—849 calls, with 385 done in the January 500's and 155 in the January 155's, the latter of which rose 5 to 27p, and 102 puts. GEC were again in demand with 117 calls and 232 puts struck while a useful two-way trade developed in RTZ which attracted 100 calls and 95 puts. Total contracts done amounted to 2,503.

FINANCIAL TIMES STOCK INDICES

	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 11	Nov. 10	year ago
Government Secs.	83.14	83.52	83.37	83.54	83.70	82.55	81.81
Fixed Interest	85.69	85.17	85.79	85.88	85.78	85.27	84.92
Industrial Ord.	721.8	722.8	727.3	727.4	725.1	720.8	625.9
Gold Mines	493.0	521.0	524.8	515.7	509.4	515.4	399.7
Ord. Div. Yield	4.72	4.73	4.71	4.79	4.72	4.75	4.78
Earnings, Yld.% (full)	9.40	9.41	9.38	9.39	9.38	9.42	10.25
P/E Ratio (net) (*)	13.29	13.27	13.32	13.30	13.35	13.26	11.71
Total bargains	19,194	10,643	19,169	81,236	19,730	18,895	24,639
Equity turnover £m.	—	239.70	246.54	260.45	252.54	874.48	239.25
Equity bargains	—	17,292	10,942	21,020	10,451	19,456	16,315
Shares traded (ml)	—	150.5	143.8	150.3	162.1	171.7	162.4

10 am 721.8. 11 am 723 1. Noon 723 5. 1 pm 772.0. 2 pm 723 0 3 pm 722 2

Basis 100 Govt. Secs. 15/1 '26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974

Latest index 01-246 8026.

Nil=12.50.

HIGHS AND LOWS / S.E. ACTIVITY

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11,11)	77.00 (24.1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.88 (14.11)	79.05 (1/2)	150.4 (28/11/47)	50.55 (3/1/75)
Ind. Ord.	740.4 (22/6)	598.4 (12.1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.8 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. Activity	Nov. 16	Nov. 15
—Daily Gilt Edged Bargains	148.6	162.8
Equities Bargains	112.0	122.1
Equities Value	484.5	498.8
5-day Avrge Gilt-Edged Bargains	177.0	172.7
Equities Bargains	124.5	118.2
Equities Value	514.9	483.1

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Nov 17 1983 — Wed Nov 16 — Tues Nov 15 — Mon Nov 14 — Fri Nov 11 — Year ago (approx)

[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 15,362

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✫ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✻ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (63)

INT. BANK & O'SEAS GOVERNMENT STERLING ISSUES (2)

Int. Bk. 11½pc 1986 NZ 11½pc 2008

LOANS (1)

Inv. in Ind. 9pc 'A' 1991-94

AMERICANS (2)

Dana Corp. Florida Power & Light

CANADIANS (1)

Seagram

BANKS (3)

ANZ Westpac

Bank of Scotland

BUILDINGS (2)

Blockleys Jones (Edward)

[illegible]

NEW LOWS (11)

[illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19

For rate indications see end of Share Information Service

Demand for Options declined. Calls were transacted in London and Liverpool, Debenhams, Atlantic Resources, Aran Energy, Polly Peck, Celtic Haven, London Brick, Yelverton, Bougainville, Waterford Glass, K. O. Boardman, W. E. Norton, Dufay Bitumastic and Johnson Matthey. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	93	9
Corpns. Dom. & Foreign Bonds	0	17	54
Industrials	221	214	953
Financial & Prop.	149	72	305
Oils	21	33	61
Plantations	3	2	15
Mines	8	81	76
Others	76	36	67
Totals	483	548	1,540

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Cable & Wireless	290	+8
Charter Cons.	225	−10
Cornell	203	−10
ICI	602	+8
Kwik Save	325	−5
Lloyds Bank	528	+15
MEPC	249	+6
Plessey	214	−6
Polly Peck	£21½	+1
Stock Conversion	320	+20
Sun Oil (UK) Ryty.	290	+35
Turner & Newall	69	+7

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of changes	Wed. close	Day's change
Aspinall New	18	170	+6
Tate & Lyle	17	390	+10
V. W. Ther. N.	16	117	—
ICI	15	594	+4
Atlant. Cos. N	14	343	+3
Brit. Aerospace	14	200	+9
Royal Insur.	14	490	−5
Burmah Oil	13	161	+7
Cornell	12	213	−17
Phoenix Assur.	12	295	−27
Tesco	12	169	−9
Barclays Bank	11	478	−9
Mercantile Hse.	11	329	−6
Allied Irish Bks	10	152	+2

LONDON TRADED OPTIONS

[illegible]

Nov. 17. Total Contracts 2,503. Calls 1,731. Puts 772

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 11/32	96¼	Funding 3½pc '82-84‡‡	99 11/32	......	5.54	8.99
101 1/16	99½	Exch. 11¼pc 1984	100 1/16	−1/16	11.20	9.68
104⅜	100 5/16	Exchequer 14pc. 1984	102 7/16xd	−1/16	13.6	9.39
97	92½	Exch. 3pc 1984	96 15/32xd	......	3.09	8.50
102 13/16	100 3/16	Treasury 12pc 1984	102⅛		11.75	9.27
107 15/16	104 1/16	Treasury 15pc 1985	105½	−3/16	14.22	10.14
107	103 1/16	Exch. 12pc Cnv. '85	102½	−⅛	11.71	9.93
93⅞	88⅝	Treasury 3pc 1985	93 13/32xd		3.20	7.43
102½	99⅞	Treasury 11½pc 1985	102 1/16	−3/16	11.27	10.05
102	95	Treas 8¾pcCnv '85	98	−3/16	8.93	9.95
103¼	100⅛	Exch. 12¼pc 1985	103½xd	−⅛	11.34	10.27
102⅞	99 7/16	Exch. 11¾pc '86	102 7/16	−3/16	11.46	10.39
102¼	97¼	Treas 10pc Cnv 1986	101 11/16	−⅛	9.83	9.18
88 11/16	85⅝	Treasury 3pc 1986	88¼xd		3.38	8.06
101 13/16	97 3/16	Exch. 10½pc Cv '86	100 11/32xd	−⅛	10.43	10.19
103 13/16	100 1/16	Treasury 12pc '86	103 1/16xd	−3/16	11.65	10.62
96 1/16	94⅞	Treasury 8¼pc '84-86‡‡	96 3/16	−1/16	8.83	10.16
114	107¼	Treas. 12¾pc '86 Cnv.	110¼	−¼	11.12	7.85
109 9/16	105 3/16	Exch. 14pc 1986	107 13/16	−⅛	12.99	10.81
107¾	103⅝	Exch. 13¼pc 1987	105 13/16	−⅛	12.57	10.93
100 3/16	95⅞	Treas 10¼pc Cnv '87	99½	−½	10.31	10.41
84 3/16	80¼	Exchequer 2½pc 1987	82⅞	−⅛	3.82	0.61
100 3/16	95⅞	Exch. 10½pc 1987	99¼	−⅛	10.58	10.74
93¼	88¼	Funding 6½pc '85-87‡‡	90¼	−⅛	7.17	9.71
98 13/16	96	Treas 10pc 1987	97⅝	−⅛	10.25	10.81
86	80¾	Treasury 3pc 1987	82¼	−⅛	3.65	0.76
104⅛	99⅞	Treas 12pc 1987	103½	−⅛	11.60	10.69
93¼	89⅜	Treasury 7¾pc '85-88‡‡	92⅜	...	0.46	10.23
101½	95½	Exch 10½pc '88	99¼	−3/16	10.56	10.72
61⅞	59 3/16	Treas 9¾pc Cv'88 (£60pd)	60 5/16	−3/16	9.98	10.46
81½	75¾	Transport 3pc '78-88	79¼	−⅛	3.79	0.52
96¾	93¼	Treas. 9½pc '88	95¼	−3/16	9.90	10.76
		Five to Fifteen Years				
105¼	95¾	Treasury 11½pc 1989	104¼	−⅛	11.28	10.86
103	94¾	Treas 10½pc 1989	97⅞xd	−⅛	10.68	10.91
20	19¼	Exch 10pc 1989 (£20pd)	19¼	−¼	10.34	10.78
83¼	76	Treasury 5pc '86-89	83⅞	−⅛	6.15	9.13
113⅞	103	Treasury 13pc 1990‡‡	113⅛	−½	11.94	10.95
109⅞	100¾	Exch. 12½pc 1990	108¾	−⅛	11.71	10.97
93¼	86¼	Treasury 8¼pc '87-90‡‡	90¼xd	−⅛	9.07	10.37
108¼	97	Treasury 11¾pc 1991	107½	−½	11.38	11.05
83	74⅜	Funding 5¾pc '87-91‡‡	80⅞	−⅛	7.18	9.54
103	95⅞	Exch. 11pc 1991	101½	−½	10.92	10.84
114⅜	102	Treasury 12¾pc '92‡‡	113½	−½	11.66	10.97
100	88¼	Treasury 10pc 1992	99½	−⅛	10.31	10.57

Over Fifteen Years

Undated

Index-Linked

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FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
385	228	Johnson Grp. 10p.	240xd	.....	6.0	[illegible]	3.6	8.0
102	87	Jourdan (T.) 10p.	94	.....	5.6	[illegible]	8.5	13.0
64	39	Kalamazoo 10p	52	.....	3.33	◆	9.2	◆
60	35	Kean & Scott Hldgs	48	.....	M1.0	—	2.2	—
23	9¼	Keep Trust 5p..	12	+¼	[illegible]	[illegible]	[illegible]	—
210	140	Kelsey Inds.	185	.....	8.0	[illegible]	[illegible]	—
155	110	Kershaw (A.) 5p..	145	+3	[illegible]	[illegible]	6.2	12.7
80	39	Kleen-E-Ze Hldgs.	69	.....	3.0	[illegible]	[illegible]	[illegible]
101	52	L.C.P. Hlds	85	−6	3.6	[illegible]	6.2	[illegible]
32	14	LDH Group	26	.....	—	—	—	—
132	95	L.R.C. Int. 10p.	117	+1	††2.95	[illegible]	3.6	15.1
34	17	Lamont Hldgs. 10p	32	.....	††3	[illegible]	5.8	22.6
41	26	Lawtex	40	.....	—	—	—	◆
480	345	Lep Group 10p.	435	−25	17.5	0.5	5.8	96.7
48	22	L.Blesbab 10p	42	.....	[illegible]	—	3.4	—
350	39	Lon. & Lv. 10p	41	−5	[illegible]	3.5	9.7	3.6
135	97	London & Nthrd.	110	.....	7.75	[illegible]	[illegible]	12.5
*110½	30	Lon. & Nthn. Grp.	69xd	+1	F4.2	2.8	8.7	9.7
40	25	♦Lon. Priv. Health	26	.....	.....	—	—	15.0
65	46	Longton Inds.	60	.....	1.0	—	2.4	—
120	70	Low & Bonar 50p	112	.....	†5.0	2.8	6.4	(6.5)
48	32½	MCD Group	45	.....	[illegible]	2.2	3.2	[illegible]
92	62	♦MIT Computing 5p	92	.....	[illegible]	2.6	2.6	21.6
26	16	M.Y. Dart. 10p.	22	.....	[illegible]	—	1.6	—
212	134	Mc'rthy Ph. 20p	144	.....	7.0	2.7	6.9	6.8
148	128	Macfarlane Gp.	132	.....	†3.52	2.1	3.8	16.1
46	33	Madellan 20p	34	.....	[illegible]	1.6	6.3	12.2
63	36	Macpherson (D.)	36	.....	4.2	0.6	16.7	[illegible]
56	41	Magnolia Group	54	.....	2.3	3.2	6.1	6.3
180	65	Man. Ship Can. £1	142	+3	3.5	6.8	3.6	4.3
77	48	Marley	74	.....	†2.5	0.5	4.8	[illegible]
45½	30½	Marling Ind. 10p.	42½	−1	1.08	1.7	3.6	[illegible]
34	25	Marshall L'ey. 'A'	26	.....	[illegible]	—	—	—
68	44	Marshall's Univ	56	.....	8—	—	—	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
190	40	Black & Edgtn.	76	.....	◆—	—	[illegible]	[illegible]
178	115	Boosey & Hawkes	158	.....	†2.3	1.9	2.1	[illegible]
61	32	Campari Int. 20p.	38	.....	[illegible]	1.2	[illegible]	[illegible]
170	160	♦Central TV N/Vtg 5p	168	.....	—	—	—	—
36	23	Fairline Boats 10p	36	.....	††1.0	—	4.0	—
40½	30½	GRA Group 5p..	40½	+½	—	—	—	[illegible]
67	45	Grampian TV A 10p.	67	.....	†3.6	2.9	7.8	[illegible]
184	136	HTV Non-Vtg.	183	+1	11.0	2.2	8.6	[illegible]
222	118	Horizon	130	−3	†3.6	5.7	4.0	[illegible]
142	91	Intasun 10p	143	+1	4.0	4.5	4.0	[illegible]
60	22	[illegible] 10p	27xd	.....	1.0	◆	3.9	[illegible]
380	250	Ladbroke's Hldgs 2p.	370	.....	[illegible]	2.4	1.9	[illegible]
185	139	LWT "A"	170xd	+1	11.05	◆	[illegible]	[illegible]
*147	55	Leisuretime Int 10p.	55	.....	[illegible]	◆	4.5	[illegible]
132	100	[illegible]	111	−1	[illegible]	1.6	11.5	[illegible]
72	52	[illegible] 10p	70	.....	4.4	◆	9.0	[illegible]
178	110	[illegible] 10p	165	−3	[illegible]	2.5	2.4	[illegible]
23	17½	♦Nationwide 5p	20	.....	—	—	—	—
128	31	♦[illegible] 20p	33	.....	—	—	—	—
128	45½	Norton Opax 10p	113	.....	[illegible]	4.5	2.7	[illegible]
38	22½	♦Owners Abroad	27	.....	0.5	4.5	2.6	[illegible]
47	36	Photax (Lon.)	38	.....	—	—	—	—
153	90	[illegible]	106xd	.....	[illegible]	◆	2.1	[illegible]
363	217½	Pleasurama 5p.	358	.....	[illegible]	4.5	2.3	[illegible]
173	108	♦Radio City 'A' NV	140	.....	[illegible]	1.6	5.8	[illegible]
209	138	Riley Leisure 10p	178	−1	†3.95	1.7	3.2	[illegible]
132	83	Saga Hols. 20p.	103	.....	[illegible]	—	5.2	—
515	345	[illegible] £1	385	.....	[illegible]	2.8	4.6	[illegible]
109	94	Scot. TV 'A' 10p	109	.....	7.35	2.2	9.6	[illegible]
68	28	♦SelecTV 10p	43	.....	—	—	—	—
24	15½	TSW 5p	21	−½	1.2	◆	8.2	[illegible]
77	30	♦TVS N/Vtg 10p.	77	.....	—	—	—	[illegible]
29	19	[illegible]	28	.....	[illegible]	3.5	1.4	[illegible]
121	64	Trid'nt TV 'A' 10p.	120	[illegible]	[illegible]	1.6	5.1	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Components

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Garages and Distributors

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING ADVERTISING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For Sampang Java see Applied Botanics

Teas

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

Central Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Eastern Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Far West Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Diamond and Platinum

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Central African

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♦ACM 20c	27½	−1	—	—	—
52	32	Allstaer Explin NL	40	.....	—	—	—
40	9	♦Australis Mng. NL	25	−1	—	—	—
25	11	Balmoral Resources	15	+1	—	—	—
60	34	♦Black Hill Mins.	36	−1	—	—	—
85	51	♦Bond Corp.	80	−1	Q10c	◆	8.0
183	116	♦[illegible]	147	.....	[illegible]	1.2	1.4
372	204	♦CRA 50c	344	.....	[illegible]	—	0.5
145	60	♦Carr Boyd 20c	72	−3	—	—	—
38	25	♦Central Kalgoorlie	35	.....	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES

[illegible] c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.	62	.....	Fin. 13% 97/02	£96	+¼
Bdg'wtr. Est. 50p	300	+5	Alliance Gas	66	+1
Craig & Rose £1	£10½	.....	Arnott	205xd	.....
Finlay Pkg. 5p	36	.....	Carroll (P.J.)	99	.....
Higsons Brew.	85	.....	Concrete Prods.	80	.....
Holt (Jos.) 25p	900	−10	Heiton (Hldgs.)	15	−2
I.O.M. Stm. £1	127	.....	Irish Ropes	34½	.....
IRISH			Jacob	79xc	.....
Exch. 12% 1985	£99¼	+½	T.M.G.	85	.....
Nat 9¾% 84/89	£89¼	+¼	Unidare	75	.....

OPTIONS

3-month Call Rates

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brown (J.)	3½	Mks. & Spncr	20	Town & City	4
Burton Ord.	35	Midland Bank	40	Oils	
Cadbury's	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	58	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	26	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F. & F.C.	5½	Rank Org. Ord.	28	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	18	Sears	0		
Glaxo	75	T.I.	11	Mines	
Grand Met.	30	Tesco	17	Charter Cons.	28
G.U.S. 'A'	50	Thorn EMI	55	Cons. Gold	58
Guardian	45	Trusthouse	16	Lonrho	9
G.K.N.	16	Turner & Newall	7	Rio T. Zinc	62
Hawker Sidd	28	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4OX 01-236 1833

High Income				
Gilts & Fixed Int.	117.0	123.8	-0.3	9.69
High Inc Equity	52.3	56.2xd	-0.1	6.48
Capital Growth				
American Growth	103.4	111.2	+0.9	1.55
Assets & Ergs. Tt	51.6	55.8xd	.....	3.21
Capital Reserve	50.6	50.9	.....	0.82
Commodity & Engy	73.6	79.1	-1.0	3.00
General	86.0	93.0	-0.2	2.91
Japan	106.2	114.2xd	.....	0.20
UK Growth	50.4	54.8xd	-0.1	3.49
Acc Units	69.9	76.0	-0.2	3.49
US Emerging Co's	46.5	50.0	.....	0.50
Worldwide Bond	134.8	144.9	-0.1	3.80
Equitas Prog.	119.0	128.6xd	-0.4	3.76

Aitken Hume
1, Worship St., EC2 01-628 6626

American Tech Fd.	147.0	158.0	+1.2	—
Inc & Gwth Fd.	31.7	34.0	-0.2	5.47
Pacific Fd.	122.6	132.4	+0.3	1.20
Secure Income Fd.	100.3	107.8	-0.2	7.30
Special Sits.	141.0	151.5	-0.6	0.97
Energy Fd.	211.2	227.0	-1.4	0.60
Exempt Fd.	361.4	388.5xd	.....	3.08
Small Co's Fd.	246.6	265.0	.....	2.45
Jap. Technology	50.1	53.8	+0.2	0.50
Aitken Hume Ltd. Deposit Rates				
Treasury Acct*	—	—	.....	9.04
Mthly Income Acct*	—	—	.....	9.00

*Not Authorised U.T.—Bank Deposit.

Allied Unit Trusts Limited (A.) (G.)
Allied Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Trusts				
Allied 1st Trust	121.3	129.8	-0.5	4.79
Brit. Inds. Trust	110.6	118.3	-0.3	4.73
Growth & Income Tst.	79.6	85.2	-0.1	3.65
Allied Capital Trust	154.6	165.4xd	-0.3	2.61
Balanced Trust	210.8	225.6	-0.6	3.95
Accum Trust	303.7	325.0xd	-0.6	3.67
Income Trusts				
High Income Trust	130.5	139.6	-0.2	5.85
Equity Income Trust	73.2	78.3	-0.1	6.21

[illegible]

INSURANCES

[illegible]

Authorised Units—continued

[illegible]

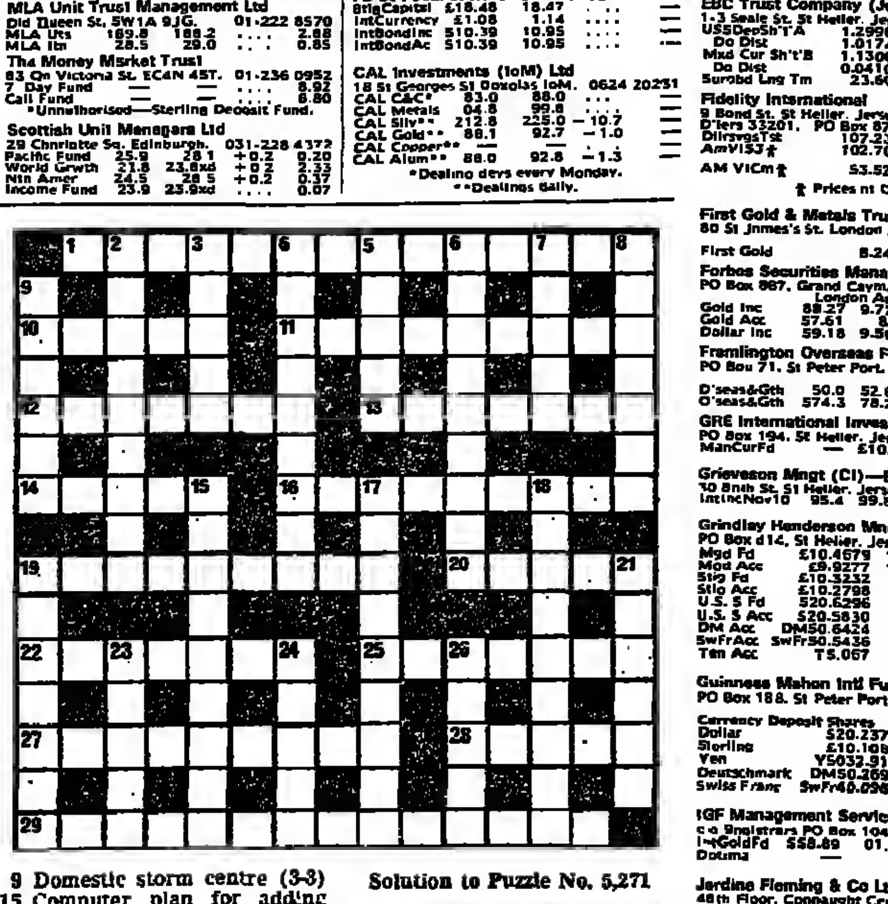
Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

F.T. CROSSWORD PUZZLE No. 5,272



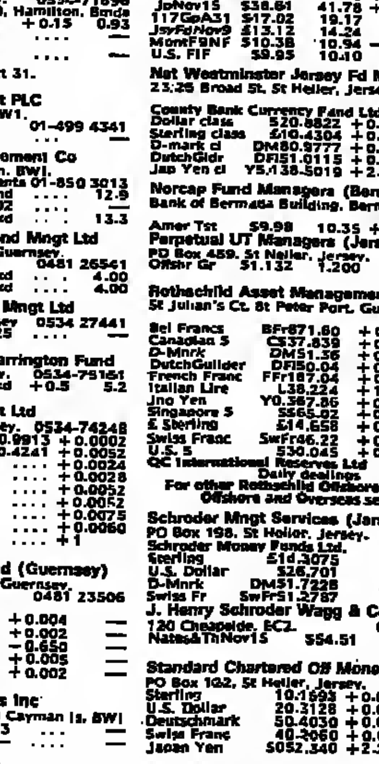
ACROSS

1 Rock festival? (7, 7)
10 Start to penetrate (5)
11 A cottager going out may wear it (9)
12 How French it is to pass remarks about something (7)
13 Remains at home to prevent wrongdoing (5, 2)
14 It's erect, which ever way you look at it (3, 2)
16 Poor accommodation? (4-5)
19 Lead astray (9)
20 Entice many in with money (5)
22 You might find merit in the meantime (7)
25 A turning point in making a purchase (7)
27 Beliefs about men in the buildings (9)
28 Transport to school (5)
29 Gift firm commonly excluded from criticism (7, 7)

DOWN

2 It is meant for close friends (9)
3 Code is a bit shortened (5)
4 Arming the riotous is a horrifying experience (9)
5 They may be used for general transport by Americans (5)
6 Later both get involved with a union (9)
7 The pride of English rugby (5)
8 Understanding French (7)
9 Domestic storm centre (3-3)
15 Computer plan for adding weight (9)
17 Clear love declaration (9)
18 Indefinite truce in an engagement (9)
19 Mother's driving in fourth gear, and all at sea (7)
21 I hesitate to claim such valuable fur (6)
23 Time for grammar (5)
24 Artist getting up two hours before noon (5)
26 Having a lot of drinks, started to smoke (3, 2)

Solution to Puzzle No. 5,271



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		233.17		—
Managed Inv. Fd.	156.86	165.12	....	—
Property Fd.	151.46	159.44	....	—
Fixed Interest Fd.	146.09	153.78	....	—
Cash Fd.	136.49	143.68	....	—
Income Fd.	168.36	177.23	....	—
Extra Income Fd.	160.75	169.22	....	—
Worldwide Growth Fd.	219.35	230.90	....	—
Balanced Fd.	167.80	176.64	....	—
Smlr Co's & Recy. Fd	198.34	208.79	....	—
Int. Technology Fd.	250.82	264.03	....	—
Nth. Amer. & Gen. Fd.	157.82	166.18	....	—
Energy Int. Fd.	100.47	105.76	....	—
Pacific Basin Fund	135.41	142.54	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	111.9	117.8	....	—
Property	112.5	118.4	....	—
Equity	114.1	120.1	....	—
International	125.0	131.6	....	—
Fixed Interest	102.1	107.5	....	—
Deposit	99.6	104.8	....	—
Managed Pen. Cap.	111.9	117.7	....	—
Property Pens. Cap.	112.8	118.7	....	—
Equity Pens. Cap.	108.1	113.8	....	—
Intnl. Pens. Cap.	128.7	135.5	....	—
Fixed Int. Pens. Cap.	99.6	104.9	....	—
Deposit Pens. Cap.	97.4	102.5	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2		91.5	....	—
Rtmt. Fed. Aug 6		255.4	....	—
Managed Pen Fund	184.4	194.1	....	—
Property Pen Fund	114.5	120.5	....	—
Index Lnkd Pen Fund	113.4	119.4	....	—
Managed	121.1	127.5	-0.7	—
Property	104.2	109.7	+0.1	—
Gilt and Fixed Interest	108.5	114.0	-0.2	—
Index-Linked	98.8	104.0	-0.1	—
Equity	119.7	126.0	-0.2	—
Cash	104.2	109.7	....	—
Midland Bk. Unit Tst.	118.1	124.4	....	—
Midland Bank Intnl.	138.9	146.3	+0.2	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	123.4	129.9	-0.2	—
GT Pln High Yld Fnd.	121.9	128.4	....	—
GT Plan Far East Fnd	113.8	119.8	....	—
GT Plan N. Am Fd.	136.5	143.7	....	—
GT Pln UK&G.E. Fnd	136.4	143.6	....	—
GT Pln Wrldwde Fnd.	132.6	139.6	....	—
GT Pension Bnd Fnd	133.0	140.0	+0.3	—
GT Pen High Yld Fd	138.0	145.3	....	—
GT Pen Far East Fd.	138.2	145.5	....	—
GT Pen N. Am. Fd.	196.0	206.5	....	—
GT Pen UK & G.E. Fd	157.1	165.4	....	—
GT Pen Worldwide Fd.	140.9	148.4	....	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.7	175.7	....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		250.4	....	—
Portfolio Fd. Init.		206.5	....	—
Gilt Plus 88	95.0	100.0	....	—
Investment A/cs	250.3	263.6	....	—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd.	274.4	289.1	+5.9	—
Money Fd	164.8	174.0	+0.1	—
Equity Fd.	232.6	246.2	+7.2	—
Fixed Int. Fd.	119.5	125.9	+1.8	—
Property Fd.	172.1	181.3	....	—
Managed Pen. Fd.	253.0	267.5	....	—
Equity Pension Fd	175.8	185.5	....	—
Fixed Int. Pen. Fd.	136.5	175.9	....	—
High Yield Pen. Fd.	163.9	172.7	....	—
Money Pension Fd.	128.6	135.5	....	—
Property Pension Fd	127.3	134.1	....	—
Gresham/Framlington				
American & Gen. Fd.	254.9	268.6	+0.1	—
Income Fd	185.0	194.9	-0.4	—
Int'l. Growth Fd.	271.6	286.2	+0.4	—
Capital Fund	[illegible]	244.2	+0.2	—
Recovery Fund	147.0	154.9	-0.1	—

COMMODITIES AND AGRICULTURE

Sugar falls again on crop forecast

BY RICHARD MOONEY

FURTHER LOSSES were sustained in the world sugar market yesterday as sentiment was affected by lower precious metals prices and reports of cheap offers at recent buying tenders.

In the morning, the London daily raw sugar price (LDP) was fixed £5 down at £129 a tonne—the lowest for six months—and on the London futures market, the March position finished £4.40 down at £151.50 a tonne.

Recent sharp declines in sugar prices have reflected a marked improvement in world crop prospects. Adverse weather early in the current season, coupled with low plantings in many growing areas because of previous depressed prices, had led to expectations that output would fall short of consumption by 3m tonnes or more. This had helped to push the LDP up to £193.50 in early August but prices have subsided quickly in the light of new assessments indicating that 1983-84 supply will be broadly in balance with demand.

Traders said yesterday's lower tone was encouraged by reports of low prices asked by would-be suppliers at buying tenders held by Tunisia and Syria on Wednesday. They said there was little reaction to a report in a Manila newspaper that the Philippines, a substantial sugar exporter, had been buying sugar from Thailand for domestic refining and consumption. Rumours to this effect had already been discounted in the market, they added.

The weekly export tender in Brussels also brought little reaction. EEC Commission export authorisations for 49,000 tonnes were in line with expectations and with recent tender results. The maximum export subsidy level of 33.09 European currency units per 100 kilos was also as expected.

Metals hit by interest rate fears

By John Edwards

FORECASTS OF a rise in U.S. interest rates overnight in New York brought a sharp downturn in London metal prices yesterday.

The decline was led by silver, whose price plunged in New York to the lowest level for 12 months. The London bullion spot price was cut by 28.5p to 579.5p a troy ounce at the morning fixing. Gold and free market platinum values also fell steeply.

On the London Metal Exchange, the high grade copper cash price lost £22 to £923 a tonne. Cash aluminium closed £14.5 down at £1,009.5 a tonne and cash zinc £8.25 at £591.5 a tonne.

● FARMERS UNION journal, the British Farmer and Stockbreeder, ceases publication in March following notice by Business Press International to terminate the printing contract. The NFU is seeking another printer to publish under a different title.

● INDONESIA halted coffee cultivation temporarily because of oversupply, official news agency Antara reported.

● YUGOSLAVIA'S livestock industry is declining in spite of good maize crops in the past two years, U.S. agricultural counsellor in Belgrade said.

● BANGLADESHI jute prices rose further at auction, except for superior grades which were stable. Bangla White A was up $4 on last week at $430; Bangla White D gained $15 to $370.

● COCONUT producers meet in Sri Lanka on Monday to discuss setting up a network for disseminating information on the industry. India, the Philippines, Thailand, Malaysia, Vanatua, Fiji, France and Sri Lanka will take part.

● SRI LANKA is to increase subsidies for coconut and tea replanting in both the state and private sectors.

John Cherrington, Agricultural Correspondent visits the dairy districts of Normandy

Normans still know how to conquer the land

THE WEATHER in the Calvados department of Normandy last week was perfect for the time of year—warm and sunny. Field work was well ahead and the pastures looked absolutely at their best.

This is, of course, a famous dairying district, so the party I was with, mainly Devon livestock farmers, were shown three very good dairy farms as a starter.

These were in no way show places, even the newer buildings had a well worn look about them. The cows were loose housed and lying on straw, instead of the cubicles universal here. Each farm had an acreage of wheat from which to secure the straw to make manure, thus avoiding the need for a slurry tank and its stinking product. Each farm relied primarily on maize silage for winter feed.

Average yields of the herds we visited were between 6,300 and 6,900 litres per cow on a concentrate feed of about 1.2 tonnes a year. Good by any standards. But this is not the average for the Calvados, which is nearer 3,500 litres, but it is a sign of the improving efficiency of the farmers generally. One farmer told me that four years ago he was on the local average, but he had decided to intensify in order to accommodate his son at home.

This improvement was not due only to methods. The composition of the Calvados herd is changing from the Normandy breed, a dual purpose animal to the Holstein, imported from the U.S. or Canada, of which the semen is distributed widely by artificial insemination.

I asked him if he was afraid of the quota proposals from Brussels. "Of course I don't like them," he said. "But if we have to have them, we shall have to make the best of it, use our grassland better and breed better cows." The others questioned felt the same. They could not understand the logic of importing New Zealand butter into Britain, but they felt that in time, the British might begin to realise they were in Europe and be a bit more reasonable and communautaire.

Only one farmer of those we visited employed a full time worker. He had 250 acres and 120 milkers and their followers. The others employed a man part time, or shared with neighbours as they did the machinery for silage and harvesting. A cowman's wage FFr 4,000 a month plus a tax and insurance charge paid by the employer of 49 per cent—a total cost in sterling of about £500 a month. Rents payable were from £18 to £42 an acre, this last for a very good dairy farm.

There is no absolute security of tenure, leases are for nine, 18 or 27 years, but can be renewed at the tenant's option if the landlord has no son who wishes to farm. There are farms to rent I was told, but although rents are low by our standards, the cost of taking over the outgoing tenant's stock, and so on, is high, at least by French standards.

Not surprisingly, land values have slumped by about 30 per cent over the last two years partly because of the impossibility of raising rents—60 per cent of the land in Calvados is rented; and also because of the threat of a wealth tax.

Around Caen is a marvellous stretch of arable land, a sandy loam of great depth and productivity. The 250-acre farm we visited is run by the farmer himself, with a man two days a week, growing wheat, grain maize, sugar beet and peas, in a rotation which allows him to grow wheat every other year. His average wheat yield 3.3 tonnes an acre with maize at nearly 4 tonnes. No crops are stored on the farm, the nearest co-operative drier is a couple of miles away. His rent is £22 an acre and I envied him.

The south of the department is hilly and the land is often wet with the hedges typical of the Bocage Country dividing it into tiny fields. But here too, there are changes, hedges are being removed for field enlargement, most of the small farmers are growing at least 5 or 10 acres of wheat and changing from Norman to Holstein cattle. Here, the farms are getting a bit bigger to match the times and the aim is for an average herd size of 30 cows.

In sum, the Norman farmers seem not to have been caught up in the rat race in which so many British farmers find themselves forced to farm harder to survive. Their prices are slightly lower than ours but their costs for land, labour and buildings are a great deal lower. In a competitive agricultural community they could, in the simplicity of their processes, be formidable adversaries.

Pepper market hots up

BY JOHN EDWARDS, COMMODITIES EDITOR

PEPPER prices are starting to rise again, following moves by Brazil and Malaysia to raise their export prices because of a shortage of available supplies.

Brazil has lifted its minimum export price for white pepper by $500 to $4,000 a tonne. It was not only $2,500 not long ago, but it is estimated that the Brazilian crop will be only 18,000 tonnes this year against 40,000 in 1982.

Malaysia announced steep increases in the export duty imposed on pepper following forecasts of a shortfall in production in Sarawak, the main pepper growing state.

The duty on ground white pepper has gone up from 432.93 to 705.66 ringgits (about £200) a tonne and on unground white pepper from 147.59 to 317.80 ringgits. UK dealers said white pepper traded at $3,200 a tonne yesterday, $100 up on a week ago, and there were few sellers.

The market paused for breath last week after the greatest surge in values for more than 25 years, with prices doubling in less than three months. Dealers expect another move upwards.

The crop shortfall in Brazil triggered off the explosion in the market after a long period of depressed prices. The new minimum price virtually puts Brazil out of the export market, dealers claimed.

At the same time, India, a leading producer of black pepper, is reported to be restricting exports

Fishing quotas agreed

BY IVO DAWNAY IN BRUSSELS

EEC MEMBER states have accepted Commission proposals for increasing the tonnages of Baltic cod and North Sea coley which may be caught before the end of the year.

A package of measures, which include special provisions for North Sea herring catches allowed until December 15, will come into force early next week.

The total tonnage of Baltic cod authorised to be caught this year has been increased by about 10,000 tonnes to 140,000 tonnes to allow Danish and West German fishermen further fishing until January 1, 1984. The new figure is split 73 per cent to 27 per cent in favour of the Danish.

North Sea coley quotas have also been increased by 10,000 tonnes to about 75,000, to be divided between all the relevant member countries in varying proportions.

The new temporary agreement on herring, which has been accepted by the French, West German and Belgian Governments following its proposal earlier this week, allows 23,000 tonnes of the total 68,000 tonnes allocated to be taken from the north and central sectors of the North Sea to relieve pressure on southern waters.

Fisheries ministers meet in Brussels next month in a bid to hammer out a package of quotas for 1984. Failure to agree herring quotas this year forced 1983 tonnages to be set at 1982 levels.

New Zealand clinches milk sale to Cuba

By Dai Hayward

THE NEW ZEALAND dairy board has sold 6,000 tonnes of skim milk powder to Cuba.

It is the first sale of New Zealand dairy products to Cuba for 10 years.

The sale was clinched by the board's Mexico-based representative and was made through Alimport, a Cuban government purchasing agency.

New Zealand hopes the sale will open up a continued trade with Cuba. The powder will be shipped next January by chartered vessel.

Pakistan cotton crop falls

BY MOHAMED AFTAB IN ISLAMABAD

PAKISTAN'S cotton crop for 1983-84 is forecast at between 3.8m and 4.1m bales—much less than last season's crop, according to early government estimates. Production in 1982-83 was 4.844m bales.

This season's reduced crop was because of late sowing after "excessive rains" in late summer when the crop was ready this year, and insect attacks in the main cotton growing provinces of Punjab and Sind.

Cotton started arriving in the markets in early October in Sind Province and in Punjab in mid-October.

The Government had set a target of producing 5.2m bales of cotton in 1983-84, which means output could be down by between 15 per cent and 21 per cent on the basis of the estimates.

The state-owned Cotton Exports Corporation, which has a monopoly on cotton exports, directed that no firm commitments for exports were to be made in view of the output estimates. However, a government statement said there would be cotton available for export as well as for domestic consumption.

Exports from last season's crop were 1.6m bales. Domestic consumption of the 1983-84 crop is expected to stay around last season's level of 3m bales.

Officials estimate privately that exports of around 1m bales will be possible in spite of the drop in production.

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 17 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt	$1510/1540	......	$1550/580
Copper			
Cash h grade	£923	-22	£910
3 mths	£945.25	-22	£941.25
Cash Cathode	£906	-21.5	£899.5
3 months	£930	-21.5	£923
Gold troy oz	$374.875	-8.25	$393.625
Lead Cash	£274	-8.25	£280.25
3 months	£284.25	-2.5	£280.125
Nickel	£4646.34	......	£4646.34
Free mkt	206/228c	......	215/232c
Palladium oz.	$146.25	-3.75	$160.75
Platinum oz.	£258.10	-7.65	£254.35
Quicksilver†	$310/315	-2.5	$320/330
Silver troy oz	579.50p	-28.45	575.60p
3 mths	592.20p	-28.20	588.00p
Tin cash	£8625	-16.5	£8575
3 month	£8750.5	-10	£8658.0
Tungsten	$72.26	......	$86.79
Wolfr'm 22.04 lb	$69/73	......	$79/82
Zinc Cash	£591.5	-8.25	£590.75
3 mths	£605.25	-8	£604.75
Producers	$950	......	$925

	Nov. 17 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$900y	......	$890
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$660v	......	$660
Seeds			
Copra Phil	$675x	-10	$675
Soyabean (U.S.)	$326.75	......	$328
Grains			
Barley Fut. Jan	£119.65	-0.45	£120.10
Maize	£146.00	......	£146.00
Wheat Fut. Jan	£120.20	-1.10	£124.40
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1690	-16	£1487.5
Fut. March	£1536.5	-25.0	£1415.5
Coffee Ft. Jan.	£1811	+4	£1648.5
Cotton A. Index	89.95c	-0.15	88.75c
Gas Oil. Dec.	$246.70	-5.75	$252.25
Rubber (kilo)	80.0p	+0.5	77.50p
Sugar (Raw)	£129yv	-5	£145
Wool't'ps 64s.	401p kilo	......	401p kilo

‡ Unquoted. o Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.00-28.20	-0.07
Iranian Light	27.80-28.00	-0.02
Arabian Heavy	25.15-26.50	-0.05
North Sea (Forties)	28.40-28.60	-0.15
North Sea (Brent)	28.80-28.90	—
African (Bonny Li'ht)	29.15-29.55	-0.12
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	298-227	-5.0
Gas oil	247-254	-1.0
Heavy fuel oil	167-170	—

GAS OIL FUTURES

After opening about $3.00 lower following a weak New York close and bearish stock figures, the market dropped further in high volume before finding short-covering, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov.	250.50	-5.50	244.50-38.90
Dec.	243.75	-5.75	246.25-43.00
Jan	243.75	-6.00	246.25-43.00
Feb.	242.50	-6.00	245.25-41.00
Mar.	257.25	-5.75	240.25-38.00
April	234.50	-5.00	237.00-35.75
May	236.50	-4.50	233.50-32.00
June	232.50	-5.50	233.50
July	251.50	-5.50	236.00

Turnover: 5,973 (1,923) lots of 100 tonnes.

GOLD MARKETS

Gold fell £8½ to £374½-375½ on the London bullion market, the lowest since August 1982, as precious metal prices declined in the face of further strong demand for the dollar. Gold opened at $376¾-377½, and was fixed at $376½ in the morning, and $375¾ in the afternoon. It touched a peak of $378¾-377½, and a low of $374¾-375.

In Paris the 12½ kilo gold bar was fixed at FFr 99,300 per kilo ($377.48 per ounce), compared with FFr 99,200 ($376.73) in the morning, and FFr 100,050 ($382.43) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,680 per kilo ($377.50 per ounce), against DM 33,055 ($384.24), and closed at $375½-376.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $376.25 per ounce, against $383.

In Zurich gold finished at $375-378, compared with $382-$385.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Nov.	576.00-77.00	-6.00	—
Dec.	377.50-77.80	-7.48	378.90-76.50
Feb.	383.50-84.90	-7.40	383.70-83.10
April	389.00-90.40	-7.45	—
June	396.00-97.00	-7.45	—
Aug	402.50-06.50	-7.55	—

Turnover: 965 (265) lots of 100 troy ounces.

GOLD MARKETS

	Nov. 17		Nov. 16	
Gold Bullion (fine ounce)				
Close	$374½-375¼	(£253¼-253¾)	$382¾-383½	(£256-256½)
Opening	[illegible]	[illegible]	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]	[illegible]	[illegible]
After noon fixing	[illegible]	[illegible]	[illegible]	[illegible]

Gold and Platinum Coins Nov. 17

[illegible]

EUROPEAN MARKETS

ROTTERDAM, November 17.

[illegible]

PARIS, November 17.

[illegible]

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES fell sharply on the London Metal Exchange following the heavy losses sustained on overnight U.S. markets. Copper was a notable casualty and dropped to £945 before closing at £948, while Aluminium dipped to £1,038.75 and Nickel to £3,142.5. Lead and Zinc were easier but attracted trade support to close at £284.25 and £605.75.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £949, 49.50, 50, 51, 51.50, 52, 51.50, 51. Kerbs: Higher Grade: Three months £950.50. Afternoon: Higher Grade: Cash £924, three months £947, 47.50, 48, 48.50, 46, 45.50, 45. Kerbs: Higher Grade: Three months £948, 46.5, 47, 47.6, 48, 47, 46.5, 46, 45.5, 46, 46.5, 47, 48. Turnover: 40,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	928-.5	-12	922.5-3.5	-22
3 months	951-.5	-12	945-.5	-22
Settlem't	928.5	-12	—	—
Cathodes				
Cash	910-4	-12.7	906-7	-22.5
3 months	936-8	-11.7	929-31	-21.5
Settlem't	914	-10	—	—
U.S. pro'd	—	—	*65-9	......

TIN

Morning: Standard: Three months £8,755, 51, 52, 51, 50. High Grade: Cash £8,720, 8,700, three months £8,770. Kerbs: Standard: Three months £8,750. Afternoon: Standard: Cash £8,628, three months £8,752, 51, 50. Kerbs: Standard: Three months £8,750. Turnover: 1,430 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8700-20	-40.5	8730-0	-1.0
3 months	8770-80	-7.5	8771-5	-6
Settlem't	8720	-31	—	......
Standard				
Cash	8625-35	-12.5	8626-7	-15.5
3 months	8750-1	-15	8750-1	-15
Settlem't	8635	-10	—	......
Straits E.	$30.24	-0.04	—	......
New York				

LEAD

Morning: Cash £276.50, 76; three months £286, 286.50, 87, 86.50. Kerbs: Three months £287. Afternoon: Three months £285, 84.75, 85, 84.50, 84. Kerbs: Three months £285, 84.5, 84. Turnover: 29,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	276-.5	-1	273.5-4.5	-4.25
3 months	286.5	-.5	—	......
Settlem't	276.5	-1	284-.5	-2.5
U.S. Spot	—	......	*25-0	......

ZINC

Morning: Three months £609, 10, 09.50, 09, 08, 07, 07.50, 08, 08.50, 08.75, 09, 09.50. Kerbs: Three months £608. Afternoon: Three months £607, 06.50, 07, 07.50, 08, 08.50, 08, 06, 05, 06.50. Kerbs: Three months £605.06. Turnover: 10,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ALUMINIUM

[illegible]

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	1012.5	[illegible]	1009-10	[illegible]
3 months	1040.5	[illegible]	1036-7	[illegible]

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3085-90	+1	3070-5	-21.5
3 months	3169-70	+16	3148-50	-19

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

Morning: [illegible]

SILVER

Silver was fixed 28.45p an ounce lower for spot delivery in the London bullion market yesterday at 579.5p. U.S. cent equivalents of the fixing levels were: spot 857.5c, down 45.5c; three-month 879.1c, down 46.7c; six-month 900.7c, down 48.1c; and 12-month 946.3c, down 47.7c. The metal opened at 579½-582p (857-861c) and closed at 564-568½p (834-838c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	579.50p	-28.4	567.25p	-42.2
3 months	592.20p	-28.2	580.25p	-42.2
6 months	605.55p	-30.1	—	......
12 months	633.60p	-29.7	—	......

LME — Silver (2,000 oz contract) — Three months: 576.5p (622.0p). Turnover 2 (1).

Turnover: 224 (81) lots of 10,000 oz. Morning: Large contract three months 593.0, 92.5; small three months 582.0. Kerb: Large three months 593.00, 94.00; small untraded. Afternoon: Large three months 587.0, 89.0, 87.0, 88.0, 88.0, 81.5, 81.0, 80.0; small three months 586.5. Kerb: Large three months 587, 79, 74, 75, 77, 76, 77, 77.5, 77, 81; small three months 572.

COCOA

After opening as due, prices remained steady in quiet conditions during the morning but fell following New York's weakness. Physical business was neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec.	1533-36	-18.0	1558-40
March	1535-38	-25.0	1566-31
May	1541-43	-22.0	1570-36
July	1538-40	-17.0	1575-49
Sept	1555-58	-14.0	1576-54
Dec.	1565-67	-14.5	1586-70
March	1575-80	-14.0	1598-81

Sales: 4,768 (4,915) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 17: 100.27 (102.45); five-day average for Nov 18 101.38 (101.44).

COFFEE

Fresh contract highs were established in March and May as commission house buying encouraged a steadier session, reports Drexel Burnham Lambert. However, persistent trade selling and dealer profit-taking dampened the rise and values closed on a weaker note.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1896-99	-5.0	1909-95
January	1810-12	+4.0	1919-05
March	1861-62	-3.5	1875-57
May	1798-00	-9.0	1810-97
July	1748-52	-5.0	1755 —
Sept	1714-16	-1.5	1724-16
Nov	1690-95	+0.5	1698-90

Sales: 3,512 (5,940) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Nov 16: Comp daily 1979 [illegible]

GRAINS

[illegible]

... beginning Monday November 21 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Dec 137.50, Jan/March 140.50 tran shipment East Coast sellers. English feed fob Jan/March 126 East Coast seller. Maize: French Nov 146, Dec 147 East Coast sellers. Barley: English feed fob Jan/March 125, Feb/April 128.50 East Coast sellers. aRst unquoted.

POTATOES

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	182.00	187.10	—
April	215.00	222.00	218.50-214.5
May	220.50	225.60	224.50-221.0
Nov.	72.50	77.00	—
Feb.	87.50	87.50	—

Sales: 823 (130) lots of 40 tonnes.

RUBBER

The London physical market opened slightly easier, attracted some covering interest throughout the day and closed quiet but steady, reported Lewis and Peat. The Kuala Lumpur November fob price for RSS No 1 was 261.00 (261.75) cents a kg and SMR20 217.0 (same).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Dec.	806-810	797-807	887
Jan.	806-816	803-807	—
Jan-Mch	806-808	803-804	809-802
Apl-Jne	885-887	822-824	828-881
Jly-Sept	841-842	838-890	842-830
Oct-Dec	865-867	852-855	864
[illegible]	[illegible]	[illegible]	[illegible]

Sales: [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE — Raw sugar £129.00 (£134.00) a tonne for Nov-Dec-Jan shipment. White sugar £152.00 [illegible]

[illegible]

WOOL FUTURES

[illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 585 tonnes. This was the highest daily total since early September. Business was extensive and purchases ranged over numerous qualities. Users contemplated keeping supplies on a regular basis and demand broadened in African and Middle Eastern styles.

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 98.54p per kg lw (+0.98). GB—Sheep 133.62p per kg est dcw (+8.92). GB—Pigs 80.02p per kg lw (−0.37).

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-7.00, codlings £3.00-4.00; small haddock £3.00-3.50; medium plaice £5.00-6.00, best small £4.00-5.20; skinned dogfish (medium) £7.00; lemon sole (large) £10.00, small £7.00.

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 81.0 to 86.0. Lamb: English small 60.0 to 64.0, medium 55.0 to 60.0, heavy 54.0 to 56.0; Imported: New Zealand PL 59.3 to 59.5, PX 56.5 to 57.5. Pork: English under 100 lbs 49.5 to 55.0, 100-120 lbs 49.0 to 53.5, 120-160 lbs 47.0 to 53.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas — Spania: 3.20-4.20. Clementines—Corsican: 4.00-4.50. Oranges — Spania: 42/48/54/60 6.50-7.00, 70/80/90 7.00-7.20, 100/110/120 6.80-7.00; Outspan: Valencia Lates [illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, November 16.

Heating oil prices collapsed under the pressure of a very heavy build-up in distillate stocks; weakness in spot crude oil also helped depress the market. Copper opened weak but rallied late in the day on short-covering and bargain hunting; after some active commission house buying the market finished unchanged. Sugar advanced moderately with firm undertones in the cash market based on expectations of a lower prospective crop in the Philippines. Coffee prices broke sharply on dealer selling and commission house liquidation ahead of the deliveries on the December future. Cocoa prices were virtually unchanged as the market lacked any fresh news and the trade decided to stay on the sidelines. Cotton rallied late in the day in sympathy with the recovery in the soyabeans; good trade support appeared based on constructive export declaration. Grains and soyabeans came under heavy pressure after the opening; all market rallied late in the day and finished narrowly mixed on short-covering. Precious metals recovered late in the session with stop-loss buying triggering the advances; the turn-around was accomplished on the general change in market psychology as heavy selling suddenly ceased creating a vacuum, reports Heinold Commodities Limited.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2135	2140	2100	2124
March	2155	2169	2105	2145
May	2167	2187	2135	2163
July	2180	2185	2153	2177
Sept	2190	2193	2170	2190
Dec	2214	2214	2200	2213
March	2225	2226	2225	2228

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	61.90	—	—	61.85
Dec	62.15	62.25	61.40	62.10
Jan	62.80	62.40	62.30	62.75
March	64.10	64.15	63.25	64.05
May	65.40	65.45	64.70	65.35
July	66.75	66.75	66.05	66.65
Sept	68.15	68.10	67.50	68.05
Dec	70.20	70.00	69.30	70.15
Jan	70.90	70.45	70.45	70.85
March	72.25	72.00	72.00	72.15

COFFEE "C" 37,000 lb, cents/lb

[illegible]

COTTON 50,000 lbs, cents/lb

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	8.88	8.54	8.42	8.75
March	9.37	9.40	9.32	9.20
May	9.75	9.77	9.19	9.64
July	10.08	10.09	9.56	9.99
Sept	10.29	10.20	9.79	10.11
Oct	10.55	10.55	9.97	10.32
Jan	10.74	10.30	10.30	10.61
March	11.53	11.15	11.16	11.21

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	61.90	62.25	61.80	61.45
Feb	62.12	62.25	61.57	61.07
April	64.10	64.20	63.60	63.35
June	65.32	65.35	65.05	64.87
August	64.12	64.27	64.00	63.82
Oct	62.25	62.65	62.25	62.10

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56lb bushel

[illegible]

SOYABEANS 5,000 bu min, cents/60lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

The dollar touched its best level since last August in currency markets yesterday with demand prompted by fears of higher U.S. interest rates. Current Middle East tension also served as an underlying factor increasing the dollar's attractiveness.

Sterling was slightly weaker overall but showed some improvement very late in the day. This was not reflected in the closing calculation of sterling's trade weighted index.

DOLLAR — Trade weighted index (Bank of England) 128.4 against 122.4 six months ago. The dollar has been appreciating steadily in recent weeks and is once again threatening the record levels touched in August. Growing tension around the world is supporting the currency but an equal factor is speculation that an expected surge in money supply will combine with inflationary pressures from strong economic recovery to prevent an easing in Federal Reserve monetary policy.

The dollar closed at DM 2.6970 against the D-mark, up from DM 2.6870 and SwFr 2.1825 from SwFr 2.1660. It finished higher against the yen at Y236.15 from Y235.35 and FFr 8.1975 compared with FFr 8.17, and closed at a record high of L1,633¼ against the Italian lira, up from L1,625¼ on Wednesday.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. October average 1.4977. Trade weighted index 83.9 against 84.1 at noon and 84.0 at the opening and compared with 84.0 on Wednesday and 83.7 six months ago. The pound has drifted slightly against the dollar, but has improved with the latter against Continental currencies. This trend has been encouraged by unsettled conditions in the Middle East and the threat to Western oil supplies, plus fading hopes of cuts in clearing bank base rates.

Sterling opened at $1.4790-1.4800 against the dollar and touched a best level of $1.4820 before finishing at $1.4780-1.4790, a fall of 55 points. It was higher against the D-mark however at DM 3.9850 from DM 3.9725 and SwFr 3.23 compared with SwFr 3.21. Against the French franc it rose to FFr 12.1150 from FFr 12.0775 and Y349½ from Y349.

D-MARK — Trading range against the dollar in 1983 2.7315 to 2.3328. October average 2.6023. Trade-weighted index 125.3 against 129.3 six months ago. The D-mark is losing ground to the dollar once again, and could threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth, expectation that U.S. interest rates will remain high, coupled with Middle East tension have returned the dollar to favour.

The D-mark was firm against most of its EMS partners at the Frankfurt fixing, but lost ground to several other currencies, including the dollar and sterling. The dollar rose to DM 2.6925 from DM 2.6774 on Tuesday. The German market was closed on Wednesday for a holiday. Political factors were behind the dollar's strength, but intervention by the Bundesbank at the fixing was a mere $250,000, compared with $15.2m on Tuesday. Sterling rose to DM 3.9860 from DM 3.9720.

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,633¼ to 1,343. October average 1,582.2. Trade-weighted index 49.3 against 51.9. The lira has fallen to record lows against the dollar, and has recently shown a weaker tendency within the EMS, based on an end to seasonal lira demand and a stronger D-mark.

The lira remained weak against the dollar at the Milan fixing. The U.S. currency rose to a record L1,629.25 from L1,618.20, and above the previous record of L1,625.95 on November 7. This was before news that Italy's current account deficit in the first half of the year narrowed to L2.373 trillion (million million), from L7.257 trillion in the same period of last year. The D-mark rose to L605.59 from L605.25 at the fixing.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0189	+2.40	+1.75	±1.5447
Danish Krone	8.14104	8.15784	+0.21	−0.53	±1.6425
German D-Mark	2.24184	2.26424	+1.00	+0.26	±1.0642
French Franc	6.87456	6.88954	+0.22	−0.52	±1.4052
Dutch Guilder	2.52595	2.53743	+0.46	−0.29	±1.4984
Irish Punt	0.72569	0.727328	+0.23	−0.51	±1.6689
Italian Lira	1403.49	1371.22	−2.30	−2.30	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 17	£	$		£ Note Rates
Argentina Peso	26.02-26.09	17.60-17.65	Austria	27.95-28.25
Australia Dollar	1.6105-1.6115	1.0895-1.0900	Belgium	81.05-81.85
Brazil Cruzeiro	1,278.0-1,285.7	866-869	Denmark	14.29-14.43
Finland Markka	8.5080-8.5210	5.7570-5.7600	France	12.07-12.19
Greek Drachma	142.45-143.05	96.60-96.70	Germany	3.96¼-4.00½
Hong Kong Dollar	11.55¼-11.57¼	7.8150-7.8180	Italy	2390-2430
Iran Rial	129.70*	87.40*	Japan	347-352
Kuwait Dinar (KD)	0.4345-0.4350	0.29270-0.29275	Netherlands	4.44-4.48
Luxembourg Fr.	80.85-80.95	54.71-54.75	Norway	11.03-11.13
Malaysia Dollar	3.4625-3.4725	2.3420-2.3440	Portugal	191-201
New Zealand Dlr.	2.2410-2.2460	1.5160-1.5180	Spain	224-239
Saudi Arab. Riyal	5.1795-5.1845	3.4800-3.4805	Sweden	11.68-11.78
Singapore Dollar	3.15-3.16	2.1300-2.1320	Switzerland	3.20½-3.23½
Sth. African Rand	1.7700-1.7775	1.2020-1.2050	United States	1.47-1.49
U.A.E. Dirham	5.4655-5.4710	3.6720-3.6780	Yugoslavia	204-217

* Selling rates.

CURRENCY RATES

Nov. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709505	0.568859
U.S. $	8½	1.05069	0.841882
Canadian $	9.53	*	1.04158
Austria Sch	3¾	19.9253	15.9453
Belgian F	9	57.4507	46.0183
Danish Kr.	7	10.1996	8.15784
D mark	4	2.82898	2.26494
Guilder	5	3.16416	2.53743
French F	9½	8.59575	6.88954
Lira	17	1711.84	1371.22
Yen	5	247.595	198.347
Norwgn Kr.	8	7.85706	6.26802
Spanish Pta	—	162.804	130.509
Swedish Kr	8½	8.33040	6.66856
Swiss Fr	4	2.28567	1.82992
Greek Dr'ch	20½	101.844	81.1238

* C$/SDR rate for Nov 16: 1.30299.

CURRENCY MOVEMENTS

Nov. 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.9	−6.9
U.S. dollar	129.4	+16.7
Canadian dollar	92.3	+0.0
Austrian schilling	115.7	+3.3
Belgian franc	90.1	−11.5
Danish kroner	79.2	−5.4
Deutsche mark	125.3	+6.0
Swiss franc	150.6	+12.5
Guilder	115.3	+4.3
French franc	66.9	−14.9
Lira	46.3	−11.6
Yen	153.2	+10.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

THE POUND SPOT AND FORWARD

Nov 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4780-1.4820	1.4780-1.4790	0.03-0.08c dis	−0.45	0.24-0.29dis	−0.72
Canada	1.8275-1.8325	1.8285-1.8296	par-0.10c dis	−0.33	0.12-0.22dis	−0.37
Nethlnd.	4.45-4.48	4.46½-4.47½	1½-¾c pm	3.02	2¾-2⅝ pm	2.30
Belgium	80.80-81.10	80.85-80.95	5c pm-5 dis	—	3-13 dis	−0.39
Denmark	14.32-14.37	14.36-14.37	0.75-1.80ore dis	−1.06	3.90-5.05dis	−1.25
Ireland	1.2760-1.2916	1.2795-1.2805	0.25-0.35p dis	−2.81	0.85-1.00dis	−2.89
W. Ger.	3.97-3.99½	3.98-3.99	1¼-⅞pf pm	3.01	3¼-2⅞ pm	3.01
Portugal	188.75-189.75	189.00-189.50	155-370c dis	−16.64	805-1065dis	−16.59
Spain	228.60-229.60	229.15-229.35	220-275c dis	−12.95	710-800dis	−12.17
Italy	2407-2418	2413½-2415½	13½-15½lire dis	−7.21	46-48 dis	−7.97
Norway	11.04-11.08	11.05½-11.06½	3.70-4.35ore dis	−4.37	10.45-11.25d	−3.92
France	12.08-12.13	12.11-12.12	2¾-3¾c dis	−3.22	11-12½ dis	−3.88
Sweden	11.70-11.74	11.72-11.73	2.40-2.95ore dis	−2.74	8.95-7.80dis	−2.48
Japan	347½-350	348½-349½	0.85-0.75y pm	2.75	2.50-2.35 pm	2.78
Austria	27.95-28.10	28.00-28.05	7½-6½gro pm	3.00	21½-17½ pm	2.99
Switz.	3.20½-3.23½	3.22½-3.23½	1½-1¼c pm	5.57	4½-3¾ pm	4.95

Belgian rate is for convertible francs. Financial franc 81.35-81.45. Six-month forward dollar 0.55-0.60c dis. 12-month 1.13-1.23c dis.

THE DOLLAR SPOT AND FORWARD

Nov 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4780-1.4820	1.4780-1.4790	0.03-0.08c dis	−0.45	0.24-0.29dis	−0.72
Ireland†	1.1540-1.1580	1.1540-1.1550	0.23-0.20c pm	2.23	0.66-0.58 pm	2.14
Canada	1.2370-1.2378	1.2370-1.2375	0.03-0.01c pm	0.19	0.16-0.12 pm	0.44
Nethlnd.	3.0120-3.0230	3.0210-3.0230	0.96-0.86c pm	3.58	2.73-2.63 pm	3.55
Belgium	54.60-54.75	54.71-54.73	4½-3c pm	0.82	6-3 pm	0.33
Denmark	9.6895-9.7200	9.7150-9.7200	0.20-0.70ore dis	−0.56	1.00-1.50dis	−0.51
W. Ger.	2.6850-2.6980	2.6965-2.6975	0.86-0.81pf pm	3.72	2.54-2.49 pm	3.74
Portugal	127.70-128.15	127.85-128.15	100-240c dis	−15.94	320-690dis	−15.78
Spain	154.80-155.10	155.00-155.10	140-160c dis	−11.61	450-480dis	−12.13
Italy	1628-1634	1633-1634	9.1-9.6lire dis	−6.88	28½-29½dis	−7.08
Norway	7.4710-7.4860	7.4775-7.4825	2.25-2.55ore dis	−3.86	5.80-6.10dis	−3.12
France	8.1775-8.2025	8.1950-8.2000	1.75-1.95c dis	−2.71	6.15-6.65dis	−3.12
Sweden	7.9185-7.9360	7.9300-7.9350	1.35-1.55ore dis	−2.19	3.35-3.55dis	−1.74
Japan	235.30-236.20	236.10-236.20	0.69-0.65y pm	3.41	2.06-2.01 pm	3.45
Austria	18.82-18.95	18.94-18.96	5.65-5.25gro pm	3.51	17.75-15.75pm	3.54
Switz.	2.1685-2.1880	2.1820-2.1830	1.12-1.08c pm	6.12	3.16-3.11 pm	5.75

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.03-55.08.

EXCHANGE CROSS RATES

Nov. 17	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.479	3.985	349.3	12.115	3.230	4.470	2415.	1.829	80.90
U.S. Dollar	0.676	1.	2.695	236.2	8.194	2.185	3.093	1633.	1.237	54.72
Deutschemark	0.251	0.371	1.	87.64	3.040	0.811	1.122	605.0	0.459	20.30
Japanese Yen 1,000	2.863	4.233	11.41	1000.	34.69	9.248	12.80	6915.	5.237	231.6
French Franc 10	0.825	1.220	3.289	288.3	10.	2.666	3.690	1993.	1.510	66.78
Swiss Franc	0.318	0.458	1.234	108.1	3.751	1.	1.384	747.5	0.566	25.05
Dutch Guilder	0.224	0.331	0.891	78.13	2.710	0.723	1.	540.2	0.409	18.10
Italian Lira 1,000	0.414	0.612	1.650	144.6	5.016	1.338	1.851	1000.	0.758	33.51
Canadian Dollar	0.547	0.808	2.179	191.0	6.624	1.766	2.444	1320.	1.	44.25
Belgian Franc 100	1.236	1.828	4.926	431.7	14.98	3.993	5.528	2985.	2.261	100.

FINANCIAL FUTURES

Prices fall

Prices fell in active trading on the London International Financial Futures Exchange yesterday. Gilts, short sterling deposits and Eurodollars were sold off in reaction to the weaker U.S. bond market and the strength of the dollar on the foreign exchanges. The Chancellor of the Exchequer began his statement at about the same time that the Liffe market was closing, but dealers suggested that initial reaction in the cash market was not encouraging, with prices of long dated gilt stocks falling by about £1, following the higher PSBR figure for 1983-84.

Gilt futures trading was active, with the December contract recording 3,360 lots. It opened at 110-01, fairly close to the day's peak of 110-04, but then fell to a low of 109-13, before closing at 109-18, compared with 110-19 previously.

Wednesday's weak finish to U.S. bond trading also depressed three-month sterling deposits, with most activity concentrated in March delivery. March opened at 90.60, and touched a high of 90.61. It moved lower in line with movements in other contracts, and closed at 90.56, after touching a low of 90.53, compared with the previous close of 90.65.

Eurodollars for December delivery closed at 90.17, compared with 90.28 on Wednesday, fairly near the day's low of 90.15. The highest point reached was 90.21, from an opening of 90.18.

Good volume was seen in currency trading, with sterling, D-mark, Swiss franc, and yen contracts falling against the dollar in reaction to the strength of the U.S. currency on the foreign exchanges.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.17	90.21	90.15	90.28
March	89.75	89.79	89.74	89.89
June	89.44	89.46	89.42	89.56
Sept	89.17	89.15	89.17	89.27
Dec	88.88	—	—	88.98

Volume 2,628 (1,681)
Previous day's open int. 8,213 (8,298)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Dec	90.85	90.89	90.81	90.90
March	90.56	90.61	90.53	90.65
June	90.30	90.35	90.29	90.42
Sept	89.95	89.98	89.96	90.05
Dec	89.75	—	—	89.85

Volume 1,942 (362)
Previous day's open int. 5,422 (5,582)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-18	110-04	109-13	110-19
March	108-29	109-09	108-29	110-02
June	108-16	—	—	109-21
Sept	108-03	—	—	109-08
Dec	107-22	—	—	108-27

Volume 3,612 (2,821)
Previous day's open int. 3,852 (3,680)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 4 to 12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4787	1.4816	1.4775	1.4869
March	1.4825	1.4825	1.4807	1.4895
June	1.4856	1.4858	1.4852	1.4923

Volume 1,182 (371)
Previous day's open int. 2,424 (2,441)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3724	0.3728	0.3720	0.3746
March	0.3760	0.3760	0.3760	0.3782
June	0.3793	—	—	0.3815

Volume 35 (10)
Previous day's open int. 362 (372)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4613	0.4619	0.4608	0.4652
March	0.4681	—	—	0.4719
June	0.4746	—	—	0.4784

Volume 3 (1)
Previous day's open int. 129 (129)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4255	0.4258	0.4252	0.4276
March	0.4291	—	—	0.4311
June	0.4326	—	—	0.4346

Volume 20 (20)
Previous day's open int. 164 (170)

CHICAGO

U.S. TREASURY BONDS (CB) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-29	70-30	70-23	70-30
March	70-09	70-11	70-04	70-12
June	69-24	69-24	69-20	69-28
Sept	69-08	69-09	69-07	69-13
Dec	68-27	68-30	68-25	69-00
March	68-17	68-17	68-17	68-21
June	68-07	68-07	68-07	68-12
Sept	—	—	—	68-04
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.00	91.03	90.97	91.07
March	90.58	90.61	90.55	90.66
June	90.29	90.29	90.25	90.34
Sept	90.03	90.03	89.99	90.09
Dec	89.81	89.81	89.78	89.87
March	89.60	89.61	89.58	89.67
June	89.40	89.41	89.37	89.48
Sept	89.31	89.31	89.31	89.30

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.38	90.39	90.34	90.44
March	89.88	89.89	89.84	89.95
June	89.50	89.51	89.48	89.57
Sept	89.10	89.12	89.12	89.26
Dec	—	—	—	—
March	—	—	—	—
Sept	76.20	—	—	76.25

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.90	89.91	89.87	89.94
March	89.47	89.48	89.45	89.54
June	89.15	89.16	89.13	89.21
Sept	88.86	88.86	88.85	88.92
Dec	88.61	88.62	88.61	88.66
March	88.38	88.38	88.36	88.42

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4790	1.4820	1.4780	1.4835
March	1.4810	1.4845	1.4800	1.4860
June	1.4845	1.4845	1.4830	1.4890
Sept	—	—	—	1.4920
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-29	68-31	68-23	68-30
March	67-26	67-28	67-22	67-29
June	66-30	66-30	66-27	67-00
Sept	66-03	66-03	66-02	66-07
Dec	65-14	65-14	65-14	65-18
March	—	—	—	—
June	—	—	—	64-19
Sept	—	—	—	64-08
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

MONEY MARKETS

UK rates slightly firmer

UK interest rates were marked up slightly in places ahead of Chancellor of the Exchequer Nigel Lawson's statement on Government spending. There was also some caution after comments on Wednesday that interest rates were unlikely to fall significantly until money supply was considered to be well under control. Three-month interbank money was quoted at 9 5/16 per cent, compared with 9¼ per cent, while six-month sterling CDs edged a 1/16 of a point firmer to 9 5/16-9¼ per cent. Three-month eligible bank bills were bid at 8⅞ per cent, unchanged from Wednesday. Overnight interbank money touched a high of around 9¼ per cent before slipping away later in the day to 2 per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take up of Treasury bills accounting for £254m, offset partly by Exchequer transactions of £75m. The Bank gave assistance in the morning of £177m, comprising purchases of £5m of eligible bank bills in band 1 (up to 14 days) at 9 1/16 per cent and in band 2 (15-33 days) £5m of eligible bank bills at 9 per cent. In band 3 (34-63 days) it bought £2m of Treasury bills and £1m of eligible bank bills all at 8 15/16 per cent and in band 4 (64-91 days) £24m of Treasury bills, £9m of local authority bills and £131m of eligible bank bills all at 8⅞ per cent.

The forecast was later revised to a shortage of around £250m before taking into account the morning's operations and the Bank gave further help of £98m in the afternoon, comprising purchases of eligible bank bills in band 4 at 8⅞ per cent.

In Frankfurt the Bundesbank left credit policies and key lending rates unchanged after yesterday's meeting of the central council. This was much in line with market expectations and although short term credit conditions were distinctly tighter yesterday, dealers pointed out that there was already over DM 11bn of extra liquidity through two repurchase agreements in circulation. Call money was quoted at 5.50-5.60 per cent with some suggestion of quotations as high as 5.65 per cent. This tended to reflect an eagerness by commercial banks to maintain sufficient liquidity to meet minimum asset reserve requirements for the month with a tendency to gather funds as early as possible in the month due to the unsettling nature of the recent private bank rescue operation.

LONDON MONEY RATES

Nov. 17 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2-9¼	8¼-9⅛	—	—	7¼-9⅛	6-9⅛	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9 1/16-9 3/16	9-9⅛	—	—	9⅛-9⅜	9-9⅛	—	—	—
One month	8 15/16-9 [illegible]	9 3/16-9¼	9 3/16	9⅝-9⅜	9⅛	9⅛	9	9 1/16	9 1/16	9 5/16
Two months	9¼-9 [illegible]	9¼-9 5/16	9 3/16	9⅝-9⅜	9¼	9½	9	8 13/16-8¾	8⅞	9 5/16
Three months	9¼-9 5/16	9¼-9⅜	9 5/16	9⅝-9⅜	9 5/16	9⅝	9	8⅞-8⅞	8⅞	9½
Six months	9 5/16-9¼	9 5/16-9 7/16	9 7/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	9 7/16-9⅝	9½-9⅝	9½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	9 9/16-9 11/16	9⅝-9¾	9⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	10⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.383 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅛ per cent; four years 10⅜ per cent; five years 10⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 27/32 per cent; four months' trade bills 9 11/32 per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8 15/16 per cent and three months 8 27/32 per cent; one month bank bills 9 per cent; two months 8 15/16 per cent and three months 8 27/32 per cent; one month trade bills 9 11/32 per cent; two months 9 11/32 per cent and three months 9⅜ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8322 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9⅞ per cent; six-12 months 10 per cent. Under £100,000 9⅛ per cent from October 8. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 0 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 17	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9 1/16-9 3/16	9 1/16-9 3/16	9⅛-9¼	9¼-9⅜	9⅜-9½	9 11/16-9 13/16
U.S. Dollar	9¼-9½	9½-9⅝	9 7/16-9 11/16	9¾-10	9 15/16-10 1/16	10¼-10½
Can. Dollar	8¾-9¼	9-9¼	9 1/16-9 3/16	9¼-9½	9 7/16-9 11/16	9 11/16-9 15/16
D. Guilder	5⅞-6	5⅞-6	5 15/16-6 1/16	6⅛-6 5/16	6⅜-6½	6 11/16-6 13/16
S. Franc	⅞-1	1⅜-1⅝	3 5/16-3⅛	4 1/16-4 3/16	4¼-4⅜	4⅜-4 9/16
Deutschm'rk	5⅜-5¾	5¼-5⅞	5¾-5⅞	5⅞-6¼	6⅛-6¼	6¼-6⅜
Fr'nch Franc	12-12¼	12⅛-12⅜	12 3/16-12 7/16	12⅞-13⅛	13 15/16-14 1/16	14⅜-14⅝
Italian Lira	16¼-17	16-17	16⅜-16⅞	16¾-17¼	17⅝-18⅛	18¼-18⅞
Belg. Franc						
Conv.	8¾-9¼	8¼-9	8¾-9¼	9⅜-9⅞	10-10¼	10¼-10¾
Fin.	8¾-9¼	9-9¼	8⅞-9⅛	9⅜-9⅝	9¾-10	10⅛-10⅜
Yen	5⅞-6	6-6⅛	6⅛-6¼	6⅜-6½	6⅜-6½	6½-6⅝
D. Krone	6⅞-7⅜	9½-10	10¼-10¾	10¾-11¼	11⅛-11⅝	11¼-11¾
Asia $ (Sing.)	9 1/16-9 3/16	9½-9⅝	9½-9⅝	9 11/16-9 13/16	9 15/16-10 1/16	10¼-10⅜

FT LONDON INTERBANK FIXING
11.00 a.m. NOVEMBER 17

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½
Treasury bills (13-week)	8.82
Treasury bills (26-week)	8.99

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.725
Three months	6.30
Six months	6.35

FRANCE

Intervention rate	12.25
Overnight rate	12.375
One month	12.3125
Three months	12.375
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	6.90625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1-2
One month	3 7/16-3 7/16
Three months	4 3/16-4 5/16

NETHERLANDS

Discount rate	5
Overnight rate	5⅞-6
One month	6-6⅛
Three months	6⅛-6¼
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.5-9.6
Three months	9.65-9.75
Six months	9.8-9.9
One year	10.05-10.25

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11½-11¾
Four years	11⅞-12⅛
Five years	12⅛-12⅜

SDR LINKED DEPOSITS

One month	8½-8⅞
Three months	8 11/16-9 1/16
Six months	9-9⅜
One year	9 5/16-9 11/16

ECU LINKED DEPOSITS

One month	8½-8⅞
Three months	8 11/16-9 1/16
Six months	9 1/16-9 7/16
One year	9 5/16-9 11/16

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday November 16 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., EMEA London
Eurodollar Libor as of November 16 at 11.00 am
3 months: 9⅝. 6 months: 9⅞

SDR1 = U.S.$1.0536
Bibor as of November 16 at 11.00 am
3 months: 9⅝. 6 months: 10

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	6.7966
Algeria	Dinar	4.885
Andorra	Fr. Franc	8.151
	Sp. Peseta	154.10
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (O)	17.458
Australia	Dollar	1.0868
Austria	Schilling	[illegible]
Azores	Port. Escudo	127.10

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (t) Israel: Devalued approximately 23 per cent October 11. (2) Paraguay operates a two tier system, o = imports, exports and government transactions, m = all other transactions. (3) Ghana: Central Bank announced devaluation of approximately 90.8 per cent effective October 11. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three tier system has developed. This rate is for all essential imports. (6) Venezuela: Non essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71.

For further information please contact your local branch of the Bank of America.

INT. CAP. MARKETS

Flurry of activity despite weak secondary market

BY MARY ANN SIEGHART IN LONDON

THE EUROBOND market sew an unaccustomed flurry of activity yesterday, with four U.S. dollar issues being launched and one sterling bond, despite a weak secondary market.

A S150m floating rate note (FRN) for Standard Chartered Bank met the best reception. The 10-year bond pays ⅛ point over the six-month London interbank offered rate (Libor) at par and is led by J. Henry Schroder Wagg, after tough competition for the mandate from other houses.

Offered separately are 150,000 warrants at S18 each to buy a S1,000 10-year bond from the same borrower with an 11½ per cent coupon at per.

The front-end fees for the floater are only 50 basis points, which means that the all-in cost to the borrower before counting in the warrants is just 17½ basis points over Libor. When the warrants are included, the borrower ends up paying less than Libor.

Despite the tight pricing, the bond traded just over par, reflecting both the continuing strong demand for FRNs and the rarity of UK bank names in the floating rate market. *The warrants, on the other band,* traded well below their S18 issued price, at about S14.

The reason for this poor performence was made clear by one of the day's other new issues. A S100m bond for Denmark also carried warrants to buy into a 10-year, 11½ per cent bond at par. Though these warrants also cost S18, they beve e five-year rather than one-year life and treded eround their offered price.

Denmark's bond moved more slowly, despite its high coupon. It pays 12¼ per cent et par and bas a 10-year life. Morgan Guaranty is leading the deal.

Two banks issued straight dollar bonds yesterday. WestLB made its debut as e borrower in the Euromarkets with a S100m, seven-year deal paying 11⅞ per cent at par. It is leading the issue itself, with Merrill Lynch, who arranged the interest rate swap as co-lead manager.

The issue was considered to be rather tightly priced and it traded at a discount of around two points — well below its 1¼ point selling concession. Nevertheless, it is the first German bank to issue a straight dollar bond for more than six months, so it may find interest in Continental Europe or the Far East.

Tiayo Kobe Bank is also raising S100m for seven years at par, but its coupon is ⅛ point higher at 12 per cent. The bond, which involves an interest rate swap, is led by Salomon Brothers with Morgan Guaranty and Taiyo Kobe Bank (Luxembourg). it too sold slowly at a discount of around 1¾ points.

Prices in the dollar secondary drifted downwards by ⅛-¼ point, reflecting the weakness of the New York bond market. Turnover was very low.

S. G. Warburg yesterday brought its fifth sterling FRN to the market in seven weeks. Enel, the Italian electricity utility, is raising £100m through a 10-year note paying ¼ point over the mean of the three-month London interbank bid and offered rates at par. The bond met with a poor reception, trading at a discount of around two points, outside both its 1⅛ point front-end fee and ⅞ point selling concession.

Meanwhile, in the D-Mark sector, Fuerzas Electricas de Cataluna launched its first public issue in the Euromarkets with a DM 80m, seven-year bond paying 9 per cent et par. BHF Bank is leading the deal, which traded within its selling concession.

Prices in Swiss and German secondary market closed unchanged in reasonable turnover.

● Midland Bank of the UK sold S150m of notes on Wall Street yesterday, the first slice of its S400m "shelf" issue announced last month.

The 20-year notes carried a coupon of 12¾ per cent and were priced at 99¾ to yield 12.783 per cent to maturity. Proceeds will be used to develop Midland's group business and diversify sources of funds. Goldman Sachs and Samuel Montagu are lead managers.

BHF Bank bond average

Nov 17		Previous
98.792		98.821
High	1983	Low
102.017		97.699

WEEKLY U.S. BOND YIELDS (%)

	Nov 16	Nov 9	1983 High	1983 Low
Composite Corp. AAA	12.04	12.25	12.59	10.62
Composite Corp. AA	12.18	12.36	12.69	10.78
Government:				
Long-term	11.61	11.78	11.99	10.18
Intermediate	11.40	11.54	12.03	9.83
Short-term	10.70	10.84	11.28	9.21
Municipal	9.79	9.74	9.85	8.72
Industrials AAA	11.79	12.01	12.38	10.51
Industrials AA	12.06	12.21	12.62	10.72
Utilities AAA	12.28	12.49	12.81	10.73
Utilities AA	12.30	12.51	13.05	10.85
Preferred Stocks	11.21	11.05	11.41	10.59

Source: Standard & Poor's

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 17.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	93⅝	94⅜	0	+0¼	11.83
Australia Comm 11¼ 90	100	100¾	101¼	+0½	+0⅝	11.03
Australia Comm 11½ 95	300	96¾	97¼	0	+0¼	11.98
Australia Comm 11⅝ 98	100	97⅜	97⅞	+0⅛	+0¼	11.97
Bank of Tokyo 11 90	100	95	95½	−0¼	+0⅛	12.04
British Col Hyd 10¼ 88	200	96⅞	97⅜	0	+0¼	11.08
Brazil Fin 11⅞ 90	125	100	100½	0	+0¼	11.81
Canada 10¾ 88	500	98⅝	98⅞	0	+0¼	11.24
C.C.C.E. 11¾ 97	100	93⅜	93¾	0	+0¾	12.70
C.C.C.E. 12⅝ 85	75	98⅞	99⅜	0	+0⅛	12.75
Can Imp Bk Com 11 90	75	92⅝	93⅝	0	0	12.61
Citicorp O/S 10⅝ 90	100	92⅜	92¾	0	0	12.07
Citicorp O/S 11¾ 90	100	97½	98	−0⅛	0	12.24
Cred Suisse BAH 10½ 90	150	98⅝	99⅜	−0⅛	+0½	10.73
Den Norsk Cred 11⅛ 93	50	93½	93⅞	−0⅛	+0⅛	12.45
E.C.S.C. 11⅞ 90	75	99⅜	99⅞	0	+0⅛	11.93
E.D.F. 11⅛ 93	100	92⅝	93½	0	−0¼	12.42
World Bank 11¼ 88	100	99	99½	0	+0¼	11.47
World Bank 11⅛ 90	200	96⅝	97¼	0	+0⅜	11.90
World Bank 11½ 90	150	98⅜	98⅞	0	−0⅛	11.78
World Bank 12 93	200	99¾	100¼	0	+0¼	11.96

Av. price changes: on day 0, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	100½	101	0	+0⅛	7.25
Arab Banking Corp 8 88	100	97	97½	0	0	8.71
Asian Dev Bk 8½ 93	200	100⅞	100⅝	+0⅛	+0⅛	8.44
Austria, Rep 7⅞ 89	100	101¼	101¾	+0½	+0⅜	7.23
Austria, Rep 8 93	100	100¾	101¼	0	+0⅛	7.82
Avon Int Fin 1½ 93	100	101½	101¾	+0⅛	+0⅛	7.25
Beatrice Foods 7¾ 93	130	104⅜	104⅝	−0⅛	+0⅜	7.18
B.F.C.E. 8¼ 90	150	100¾	101¼	+0⅛	+0¼	8.03
Dresdner Finance 4 90 WW	250	100½	100½	−0⅛	−1½	2.50
Dresdner Finance 4 90 XW	250	83¾	84¼	0	−0¼	7.08
E.C.S.C. 8 90	150	100⅜	100⅞	−0⅛	−0½	7.49
E.E.C. 8¼ 93	250	101¾	102½	0	+0⅛	7.95

Financial Times commercial law report

War risk premiums recoverable by shipowners

THE AGATHON

Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: November 11, 1983.

WHERE A charterparty provides that owners may recover additional premiums from charterers in respect of war risk insurance on their interest in the vessel and/or hire, "interests" includes interest in being protected from non-physical damage and accordingly the owners may recover premiums paid in respect of running expenses incurred while the vessel is detained by war and of liabilities to third parties arising from that detention.

Mr Justice Hobhouse so held when dismissing an appeal by Empresa Cubana de Fletes of Havana, Cuba, charterers of the Agathon, from an arbitrator's award that they were liable to indemnify shipowners, Kissavos Shipping Company SA, of Panama, for additional war risk insurance premiums paid under the Rules of the Hellenic Mutual War Risks Association (Bermuda) Ltd.

* * *

HIS LORDSHIP said that in August 1879 Kissavos chartered the Agathon to Empresa Cubana under a charterparty in the Baltime form for 12 months.

In June and July 1980 she loaded a cargo of Cuban sugar for carriage to Basrah. On September 22, when she was in the Shatt al Arab downstream from Basrah, a full-scale war broke out between Iraq and Iran.

The vessel discharged at Basrah nu December 10 and then remained trapped in the Shatt al Arab. On May 28 1981 the owners gave notice of abandonment under their Hellenic war risks cover.

The Hellenie was a mutual war risks club. It had the right to declare war risk areas as "additional premium areas." The additional premiums might be very heavy.

Clause 21(B) of the charterparty provided that should the vessel be exposed to war risks, the owners were "to be entitled . . . to insure their interests in the vessel and/or hire against *any of* the *risks* likely to be involved . . . Charterers to make a refund to the owners of the premiums on demand."

The owners bad entered the vessel for full cover under Parts A, B, C and D of Rule 2 of the Hellenic Rules.

Part A covered "loss whether partial or total of . . . freight (including charter hire and anticipated freight), premiums . . ." Part B covered "loss sustained through the detention or diversion" of the ship. Part C covered "protection and indemnity liabilities" including detained crew, and Part D covered expenditure incurred in averting or diminishing an insured loss.

The charterers contended that the only cover which came within clause 21 (B) of the charterparty was that provided under Part A. They said that the sums which the arbitrator had held they should pay to the owners were excessive.

Similar questions hed arisen in previous cases arising out of the Iran/Iraq war. In each case the shipowners were held to be entitled to recover the additional premiums from time-charterers. The present case was the first to involve the Baltime form.

Mr Sumption, for the charterers, submitted that "interests" in clause 21 (B) should be construed as "interest" in the singular.

While it was accepted that in a contract of this kind one should not necessarily treat an "s" as critical to the contractual intention, one could not possibly say that the "s" was not significant and that the word must therefore be construed as if it were significantly absent.

Secondly, Mr Sumption submitted that "interests" (or "interest") must be construed in its context as confined to a proprietary interest.

That argument was right insofar as "owners" were owners of the vessel, but that established nothing. The use of "vessel and/or hire" made it clear that the clause was not to be construed only by reference to physical loss and damage to the vessel.

Thirdly, he submitted that as the indemnity under Part B was primarily for daily running expenses of the vessel during a period of detention or diversion, that was simply a loss to the owners' business and could not be described as loss suffered by an "interest" in the vessel or hire.

That argument was not accepted. Section 3 of the Marine Insurance Act 1906 provided that "(1) . . . every lawful marine adventure may be the subject of . . . marine insurance (2) . . . there is a marine adventure where—(a) any ship is exposed to maritime perils . . . (b) the earning of any freight . . . is endangered by the exposure of insurable property to marine perils. . ."

Thus clause 21(B) covered potential "interests" under both section 3(2)(a) and (b).

Section 5 of the Act provided "(2) . . . a person is interested in a marine adventure where he stands in any legal . . . relation . . . to any insurable property at risk where he may be . . . prejudiced . . . by the detention thereof or may incur liability in respect thereof."

The owners stood in a legal relationship to the vessel in consequence of which they might be prejudiced by its detention or might incur liability in respect of it.

Accordingly, one of the owners' potential interests in the vessel was an interest in its non-detention.

As to whether detention of a vessel could ever be a "loss" for the purposes of marine insurance, there was no reason in principle why it should not. Although a temporary loss of possession of a vessel was not normally covered by an ordinary policy, it was not incapable of being a *partial loss.*

The terms of Part B of the Hellenic cover did provide cover for interference with the free use of the vessel, and that was not some alien and novel concept of partial loss.

In *Field Steamship [1899] 1 QB 579* it was held that shipowners were not entitled to recover for delay due to discharge of cargo damaged in a collision. In *Pollurian Steamship 19 Com Cas 143* the owners could not recover for damage to their business resulting from the ship's detention by belligerent warships.

But in those cases the shipowners were covered only for "hull and machinery" and "hull materials machinery boilers etc" respectively, and neither of them provided a basis for giving a restrictive interpretation to the words with which the present case was concerned.

The phrase "insure their interest in the vessel and/or hire" was apt to include the insurance provided by Part B of Hellenic Rule 2.

Detailed examination of the paragraphs of Part B reinforced that conclusion. Payments of running expenses were clearly treated as an indemnity for *partial loss* of anticipated earnings (insured under Part A). Hire received by the owners for the period in respect of which the claim was made reduced the recoverable loss (paragraph (5) (ii)). Also, payments of 10 per cent per annum of the vessel's insured value for her detention beyond 90 days (paragraph (4)) were treated as partial payments towards an actual or constructive *total loss* (paragraph (4) (ii)).

Part C and Appendix C did not fall to be treated differently from other parts of the cover, for the purposes of clause 21 (B).

The examples of marine adventure given in section 3(2) of the Act included "liability to a third party . . . incurred by the owner of insurable property, by reason of maritime perils."

Thus ownership of the vessel gave owners an "interest" to protect themselves and the vessel against all such liabilities. The present owners had reasonably chosen to include the crew liabilities in their war risks cover. They were within the terms of clause 21(B).

No substantial argument was advanced with regard to Part D.

The totality of the owners' cover with the Hellenic was insurance of owners' "interest in the vessel *and/or hire*" and was therefore insurance to which the provisions of clause 21(B) applied. The arbitrator's award was upheld.

Appeal dismissed.

For the charterers: Jonathan Sumption (Coward Chance).

For the shipowners: Jonathan Hirst (Clyde and Company).

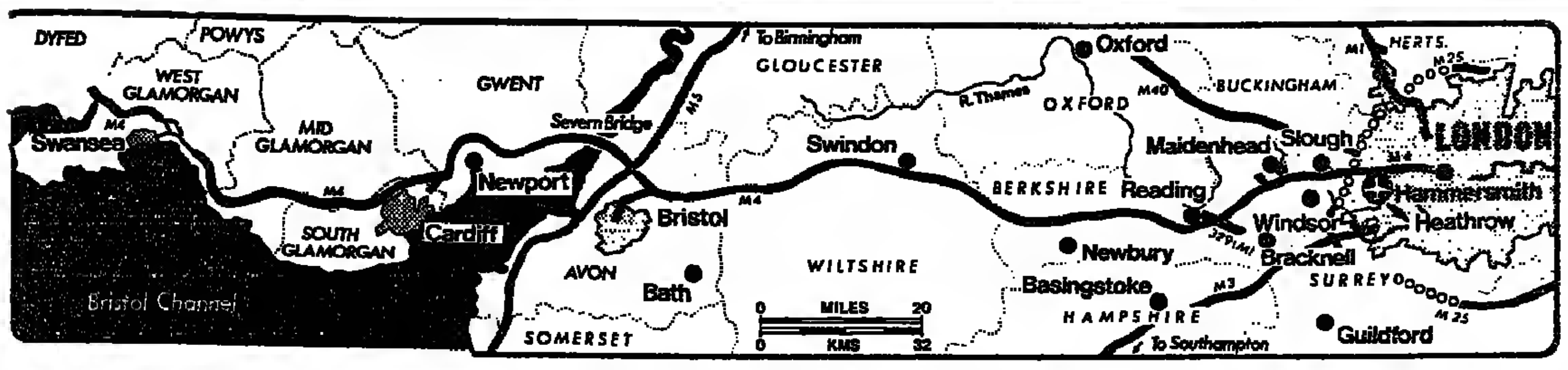
In the *Bedford Insurance* case (FT, November 16) counsel for the reinsurers was Simon Kverndal, not Simon Cavendish.

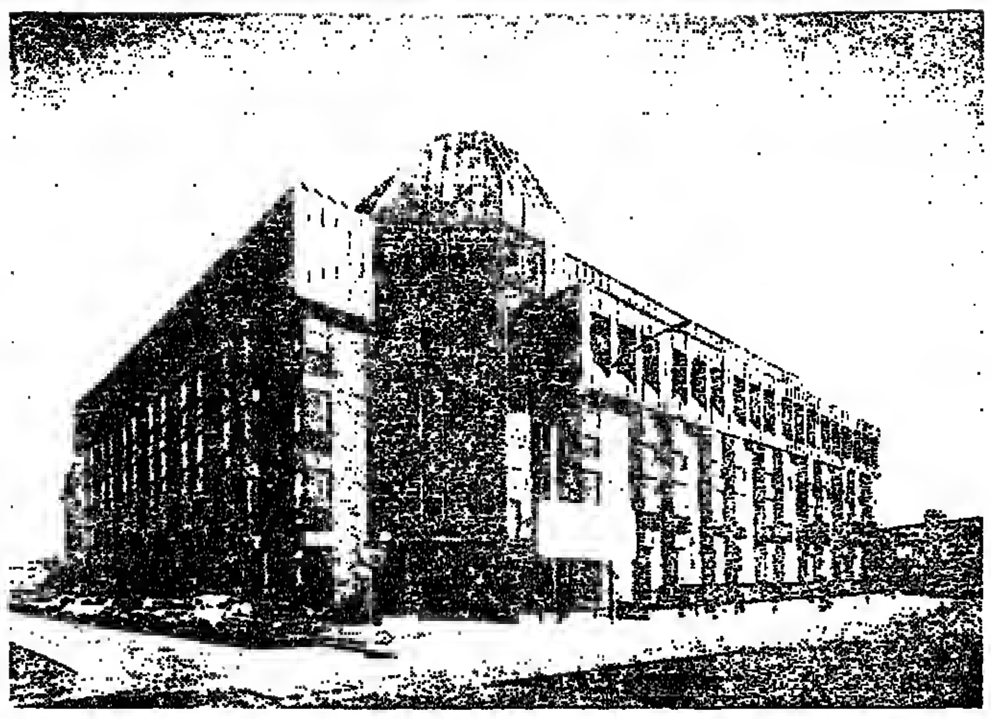
By Rachel Davies

Barrister

SECTION IV

FINANCIAL TIMES SURVEY




Commercial Union's £6m office development in Swindon town centre, which has been let to British Rail and is to be called 125 House. The rent—£8 a sq ft—is a record for Swindon

Property along the M4

After a quiet year the western corridor property market is showing signs of renewed buoyancy. Strong competition will be provided, however, bv towns along the M25 when it is fully opened over the next few years.

By William Cochrane

"YOU CAN'T keep a good location down." This is how one observer interpreted the news this autumn of three significant new developments along the M4 corridor—events which followed a year of limited tenant interest and stagnation in lettings.

A year ago, when the impending opening of the M25 was adding to the worries of the market, the most common complaint among professionals along the M4 was that while tenant interest had continued, there had been a depressing lack of action. Today, though some developments are still not firm, at least the level of interest seems to have gone beyond casual exploration.

Thus, in Swindon, Chase Manhattan Bank is believed to have been in preliminary talks with the Thamesdown borough council with a view to relocating part of its City of London operations in the 30-acre Croft campus site near the town. A decision is not, however, expected until early 1984.

This strengthens hopes that relocation from London is not a dying fashion; yet it happens a few short months after Reader's Digest decided *not* to move to the St Martins Property site at Windmill Hill in Swindon.

Malcolm Savage, chief executive (property) of St Martins, might be forgiven for thinking that an uncommitted Chase could look eventually in his direction, but he also has other possibilties.

"We very nearly made it with Reader's Digest and we are on the point of working out schemes with other people."

St Martins has held the Windmill Hill site—78 acres, including 16 acres of landscaping—for three years. It has planning permission for 1.05m sq ft of office, industrial and warehousing premises. It is providing a free consultancy service, incorporating initial design drawings by its own architects, programmes for construction, and quotations in terms of rent or purchase costs, in the knowledge that the prospective tenant might then turn it all down. "We want the right tenants, and the right mix of tenants," he says.

As far as actual lettings are concerned, Commercial Union Properties' £6m phase II office development of 50,000 sq ft in Swindon town centre (known as "125 Swindon") bas been let to British Rail. The building is to be named "125 House" after the fast, comfortable trains, which give the western corridor part of its attraction.

This is by no means a typical M4 letting situation, however, observes Roger Taylor, senior development surveyor at CUP. For one thing, the signing was made at the end of July, when things looked bleaker than they do now, and the November release of the news coincided with a signing ceremony, rather than the event itself.

Political pressure

For another, British Rail has been under local political pressure given the partial closure of its engineering facilities at Swindon. But, says Mr Taylor, in proposing to move staff from Marylebone, Wales and Bristol, BR looked at a number of alternative locations, inclnding, apparently, Milton Keynes on the M1 "corridor" which some people see as an alternative to the M4.

However it happened, this is the biggest letting in Swindon for some time and it has set a new rental record at £8 a sq ft. CUP is going ahead with a 50,000 sq ft phase III of this project with outline permission for an adjoining 36,000 sq ft pbase IV where the landholdings still bave to be sorted out.

Tbe impending M25 intersection, obviously, has made for frenetic activity at the eastern end of the M4 which it is hard totally to ascribe to the western corridor itself. At the other end, however, in the third of the major developments affecting the M4 recently, the fast growing U.S. electronics group Hewlett-Packard is cementing yet another link with the corridor.

The company has chosen Bristol for its first research and development laboratory outside Palo Alto, California. It already makes computer memory disc drives for the European market at Bristol and will use the new laboratory as its European R and D centre and to co-ordinate the work of 500 development engineers on this continent.

This was a decision taken first in international terms. HP had to measure the UK and its universities (given its recruitment requirements) against West Germany, France, Switzerland and Japan, as well as other U.S. states.

However, in UK terms the company seems to have a high degree of commitment to the corridor with its headquarters, training centre and software development at Pinewood, near Reading and sales and customer support at Winnersh in the same area; it is also looking to take more office space at Bracknell, also in Berkshire.

So there is recent ground, at least, for saying that in industrial and office terms, the M4 is where a lot of people want to be. It is more questionable whether the demand for straight warebousing premises will be quite so buoyant as it used to be. There are lots of motorways which can serve London and the rest of the UK now, especially with the M25, London's orbital motorway, connecting many of them by 1986.

There have been a number of other recurrent themes along the M4 this year. "High-tech" development comes up again and again, perhaps because offshoots of overseas companies are leading the way on mixed use (factory/office/r and d) facilities and they, above all, would want easy access to Heathrow.

Environment is another theme, and should not be dismissed easily. More and more agents are coming round to the view that a given managing director, or even his wife, will bave a lot to do with the location of facilities. Peter Barefoot, wbo bas bis own practice in Swindon—which is not regarded as an attractive town—points out that it is much cbeaper than Reading, Slough or Bracknell offers access to good living in the beautiful countryside of the Cotswolds and the Marlborough Downs.

For the medium term future, the market might like to ruminate on the theory that the corporate sector tends to react earlier than most to changes in prospects.

Better prospects

Neither the Trust Securities failed bid for Percy Bilton, nor the Slough Estates approach to Allnatt London Properties and its associate, Guildhall Property, were very relevant to M4 prospects as far as the targets were concerned. But Trust was basing its own value as a bidder on the apparent value of an M4 prospect, its 350 acre Stockley Park site near Heathrow; while Slough's value is underpinned by owning some 75 per cent of the industrial space in Slough itself, and the stock market's conviction that the company can make those assets work as the nucleus of something much wider.

In a sense, these moves could be a demonstration of a general market theory that prospects are now much better than they were a year ago.

It should be said that the Trust Securities share price, 40p at the time of writing against a high of 110p this year, has come back on specific doubts; namely, wbether the project will eventually go ahead, although most of the apparent barriers seem to have been removed, and whether it will be the bonanza that people originally expected—given a high element of planning gain and the expense of making the land viable in building terms.

Various developers along the M4 bave also been trying to stimulate interest in the "science parks" concept, though the term has been devalued in some parts of the country by its extension to cover what amount to little more than high quality industrial estates.

Doug Smith, of Swindon Enterprise, the industrial development division of Thamesdown local council, argues, however, that there is nothing wrong with science parks, business parks or "high-tech" as long as the properties concerned merit the description. Nor, he says, should places like Bristol and Swindon be diverted by these from seeking bigger straigbt production units.

In the long term, he is looking forward to "total concept" development involving a very large area of land: it could include a business park and comprehensive leisure facilities including a golf course, swimming pool and social centre, as well as housing. "This," he says, "is being studied in Swindon."

CONTENTS

Uniqueness of facilities under question

Communications

WILLIAM COCHRANE

FOR MANY years the M4 must have seemed like a golden river to property developers and the agents who followed them around. The motorway's unique access to Heathrow and excellent rail communications to the liberal supply of towns along its length combined to put it into a seemingly unchallengeable position.

But that uniqueness and unchallengeability has come into question over the past two years. When recession bites into a rich area the suffering can be more acute for some than others. So people have been looking at the impending completion in 1986 of the M25, which brings not only its own territory but that along the nearer reaches of the M40, the M3 and even the M1 into contention for the tenants attracted by proximity and access to Heathrow airport.

Peter Barefoot, a consultant surveyor based in Swindon's Old Town (and formerly in Reading) thinks that London's orbital motorway will have a key part to play in distribution.

Speaking for himself, he says that he has had two alternatives in the past in reaching contacts in the London area: first, by train, which involves a fair degree of hassle if material has first to come into Paddington and then travel across London to another railway terminal to get to, say, Croydon or Watford.

The other alternative would be to use the roads and a courier. "With the M25 included," says Mr Barefoot, "the latter option is likely to denude the first."

Distribution

Put simply, a change in communications facilities is likely to affect *communications practice* before it tears shreds out of the property market. Costs of land along the M25 route, where access to Heathrow matters most, indicate office rents of £12 a foot or maybe more—much the same sort of rent which *is being paid at the* "hot" end of the M4, whatever the landlords may be asking.

The distribution of goods and their effect on the warehouse market might well be another matter. Mr Dudley Leigh, involved in an M25 study two years ago by consultants Nathaniel Lichfield and Partners and surveyors Goldstein Leigh and Associates, sees a levelling of warehousing rent differentials all round the M25, with rents in Slough moving ahead much more slowly than rents in the east.

Slough Estates, not surprisingly, sees the proposition from a slightly different angle. Like a number of M4 "locals" the company's managing director Wallace Mackenzie takes the view that the M25 will extend the available market but also that it will enhance the prospects of Slough in relation to say, the Channel ports.

However, there have been two items of note from the company recently. One was the joint proposal with Hardaker Estates to develop two sites linked to the M25, one at Heathrow and one at Chessington.

Mr Mackenzie comments: "The M25 is not affecting policy on what we already have (which includes an estimated 75 per cent of the industrial space in Slough itself) but we are interested in new development sites which 'come good' because of it." The latest development proposals could add a £10m investment to a corporate clutch of M25 locations at High Wycombe, Aylesbury, Braintree, Bishops Stortford, Hertford, Welwyn Garden City and Crawley.

Slough Estates is also aiming to broaden its base with the acquisition of Allnatt London Properties and its associate Guildhall Property, which own some £150m of industrial property between them, mainly in north-west London. The corporate logic is that Allnatt and Guildhall have the locations but lack the financial muscle to exploit them; for the property market the suggestion might be that the hot spots on the western border of London could get even hotter as M4 and M25 connect.

Peter Barefoot accepts that M4 locations will have to work harder in future but thinks that the M25 will also increase the size of the local market. "The good patch has got bigger," he says, "and it will be even harder for places like enterprise zones to attract tenants in future."

He points out too that the M25 is not the only intersection which matters on the M4. The prime route from Southampton to Birmingham, as he sees it, is a dog leg taking first the A34 north, the M4 to Newbury, the M4 to just east of Swindon and the A419/417 to Gloucester or Cheltenham, picking up the M5 there for the Birmingham stretch.

"The A34 is a good road north from Southampton but bad after Newbury," he maintains, "and the A419 is a good road north from the M4 and a bad road south." Apparently the Department of Transport is considering a dual carriageway for the whole of the northern A419 stretch.

Heathrow Airport; orbital motorways compete with the M4 for ease of access

PROFILE: BEACONTREE ESTATES

Opting against the M25

SITUATED about a mile west of Heathrow and 1½ miles *north of the M4-M25 junction* now under construction, the Beacontree Estates light industrial/warehouse scheme at Poyle puts the developer right at the sharp end of the M4-M25 location argument—that is, in terms of where it goes next.

Over the past two years Beacontree has developed 243,000 sq ft of space at Poyle where, says joint managing director Quentin Jones, the company has been paying up to £¾m an acre for its land.

The scheme has a total investment value "probably approaching £20m," says Mr Jones, noting, however, that it was *mostly* developed for sale to the funders—the National Water Council Superannuation Scheme, the Greater Manchester County Council Superannuation Fund and the Vickers Pension Trustees.

A number of agents, including Campbell Gordon and Healey and Baker, have let 43 units so far at average rents of £4 a sq ft—up to £5.10 for smaller units. However, Poyle is a development island in a Green Belt zone and Beacontree is having to look further afield for prospective sites.

The company is negotiating for another one-and-a-half acres at Poyle. Elsewhere it has done a deal for an acre on the northern side of Slough and has another prospect at Reading. If pushed, Mr Jones would admit to interest in the eastern ends of both the M40 and the M3, maintaining the Heathrow connection.

There is no talk of further north, south or east on the M25. Beacontree says broadly that it is interested in letting to a certain sort of company and the clear implication is that the M25 is not fashionable enough, now or prospectively, to conform to those requirements.

Design standards for mixed-use buildings in the U.S., and in California in particular, have strongly influenced the shape of Beacontree's Poyle Aero Centre and the Skytech Centre—both of which, incidentally, it funded from its own resources (to the tune of £2¼m).

Major tenants for the Aero and Skytech centres include two large U.S.-owned computer companies—not, says Mr Jones, at the soft end of that market where video games are not a licence to print money any more. On the other estates there is a "complete mix," says Mr Jones, talking of airfreight companies, a mix of local and national companies in "average industries" and singling out the products of management buy-outs which account for half-a-dozen tenancies in total.

Richard Mals, Beacontree's other joint managing director, sets out the basic philosophy: "Modern technologically-based industry has four main property requirements," he says.

Identity

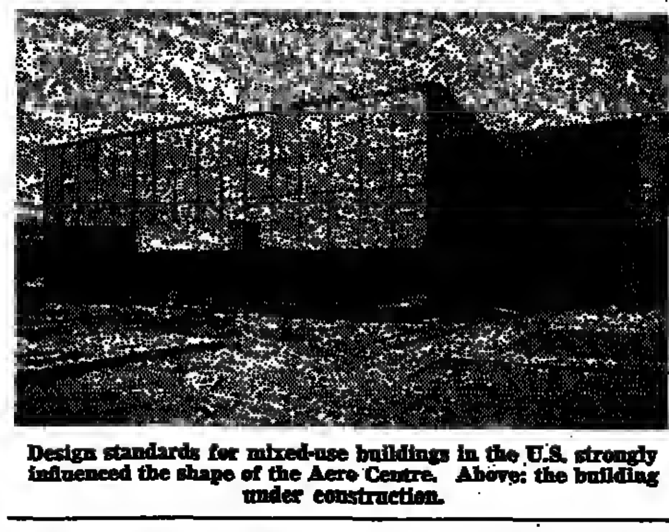
"First, of course, location. Secondly, the building must provide tenant identity—it must make a strong positive statement about the tenant or occupier. Thirdly, there *must* be a high office content, with flexibility of design and use; fourthly, the building must be of the highest specification."

Location, then, is not so much a matter of distance from a focal point with equally good access but more exactly where a company wants to be in relation to that focal point.

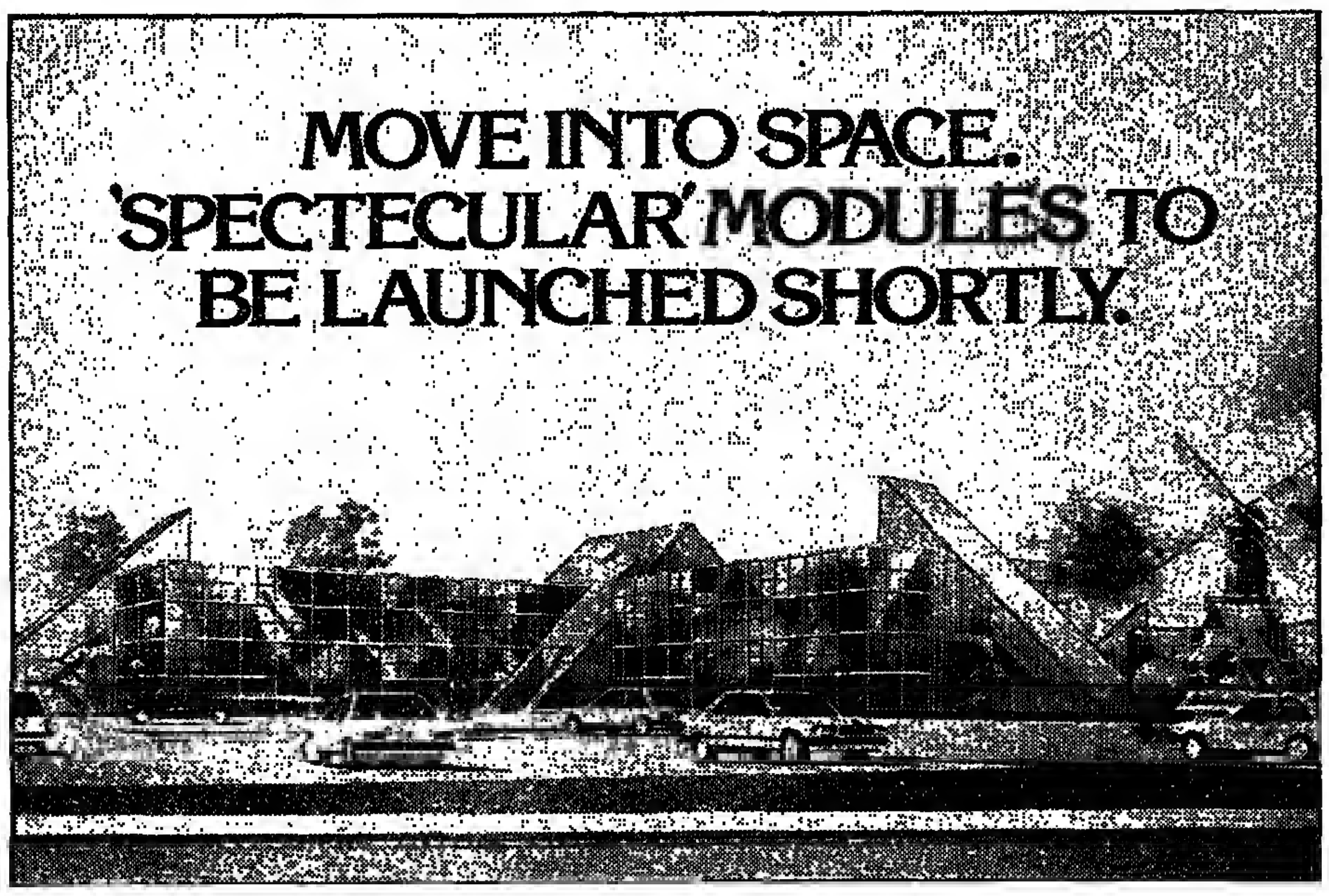
It may be that Beacontree's position is too finely tuned for an argument which could encompass a choice between Swindon in Wiltshire and Brentwood in Essex but at least it has the merit of being a practical, as distinct from a theoretical, point of view.

This helps with the other argument, that the M25 between the M1 and M4 intersections will be over-trafficked and inadequate. Mr Jones notes that the M4 gets by with two lanes on the Chiswick flyover. That section is included in the stretch between West London and Heathrow.

William Cochrane



Design standards for mixed-use buildings in the U.S. strongly influenced the shape of the Aero Centre. Above: the building under construction.



More selective approach to development adopted

Offices

DAVID LAWSON

WHILE THE British property market was sinking under the weight of the recession, the towns and cities spread along the M4 corridor running west from London appeared to remain happily afloat. A variety of factors contributed to this buoyancy, not least the motorway itself, which provided the vital element of fast communication with the hub of the economy in the south east.

In the past year, however, some of these centres have settled very close to the waterline and few have been making much beadway in the economic calm. Perhaps the main problem is that in the provision of offices et least, the M4 corridor has become tho victim of its own previous success.

In the good years, developers fought for the chance to provide premises for companies relocating ont of the expensive London area, for fast-growing local concerns and for foreign companies moving into the most favoured location in Europe. This momentum carried them into the downturn, leaving many centres over-supplied with new space or overshadowed with a large stock of planning approvals.

Questionable

Knight Frank and Rutley, in their second annual report on the Western Corridor, calculated that 2.8m sq ft was completed in 1982 compared with 2.16m a year before. Some 4.4m sq ft was under construction at the beginning of 1983, marginally more than the previous year while consents climbed by 2m sq ft to 10.2m sq ft.

Some aspects of the report can be questioned. Firstly, it has been overtaken by events: some key lettings have taken place in Bristol, Bracknell and Staines which both reduce the stock and suggest that demand continues for the right sort of building, albeit at a lower level.

KFR also suggested that developers have concentrated too much on the large office blocks they think will appeal to relocating companies. Yet these could well be the ones with the best location and quality of finish, which is proving the main factor in winning tenants in a tougher market.

While funds are generally reluctant to be drawn into speculative developments in tho same way, they are still hungry for the right schemes. Greg Cook, of agents Weatherall Green & Smith, says overall supply figures may be ignored if developers believe that much of this is poorly located or finished.

Legal & General, for instance, have backed the first phase of the 350,000 sq ft development, which MEPC proposes to start in King's Road, Reading, even though more than 300,000 sq ft of new space is available and another 1m sq ft or so is on the cards. The Prudential is similarly pursuing plans for 200,000 sq ft around the town's rail station.

In Bristol, the Prudential was willing to pay Espley-Tyas some £12m to create 140,000 sq ft on the inner ring road although latest figures from agents Hartnell Taylor Cook show more than 585,000 sq ft new space availablo and more than 400,000 sq ft under construction.

This is an investment in location and quality, according to Ian Gordon of the Pru; a bet that such factors will allow a new development to jump the queue of existing schemes to win tenants.

He already has a success story emerging with a letting on the 40,000 sq ft Portwall House due to be announced at rents above £6.50 a sq ft. For the future, he would be cautious about further developments—unless another "superb" location emerged. But that could be said of much of the M4 corridor.

This letting, plus the deal between Welbeck Finance and Needs Developments for 58,000 sq ft in Bond Street House for around £6.50 a sq ft, will ease the weight of supply and some funds have already started sniffing around the city to guess the timing of the next swing in the market.

Swindon's local council spends a lot of time encouraging developers and new tenants and would consider the large amount of space going up in the town centre with some delight. It looks to the investor, however, like a deal too much in one lump to be comfortable about starting further schemes. Something like 10 buildings are on the stocks, mainly in the 30,000 to 50,000 sq ft bracket while some 780,000 sq ft of planning consents were in force at the beginning of the year and a similar amount in proposals without permission.

Domination

Relocating companies have dominated the scene in the past and Chase Manhattan Bank is the most recent big name looking at the opportunities here. The council may be aiming to get the bank onto its 28-acre Croft Campus greenfield site south of the centre, where permission has been granted for 300,000 sq ft. This would disappoint St Martin's Property, which has a potential 1m sq ft at Windmill Hill and Taylor Woodrow with 370,000 sq ft proposed in Delta park, both greenfield schemes. St Martins has decided to start on advance office units rather than wait for a tenant.

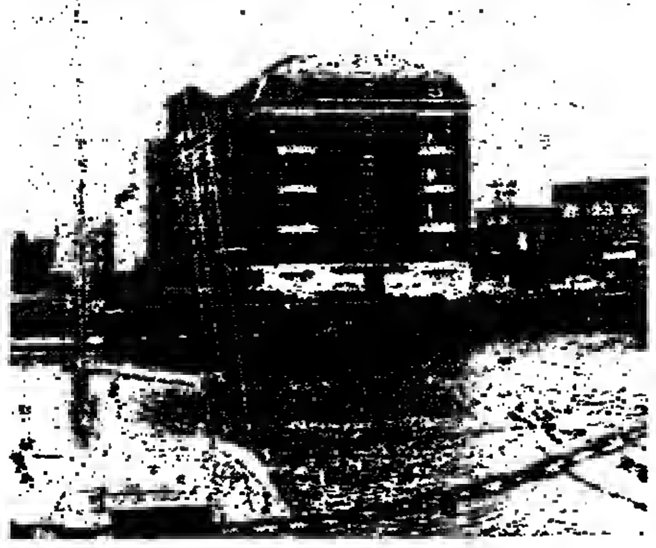
Heathrow Airport, perhaps the most powerful attraction in Britain to expanding companies, has helped keep the eastern end of the corridor relatively active. The letting of the 51,250 sq ft Miller House in Bracknell to Hewlett Packard for £12.50 a sq ft and the 60,000 sq ft Runnymede House in Staines to Sony shows that large buildings in the right place can win top tenants—although it must be said that Miller House was available for some time. Trafalgar House is taking advantage of the attraction of Bracknell by building a 56,000 sq ft block in the centre.

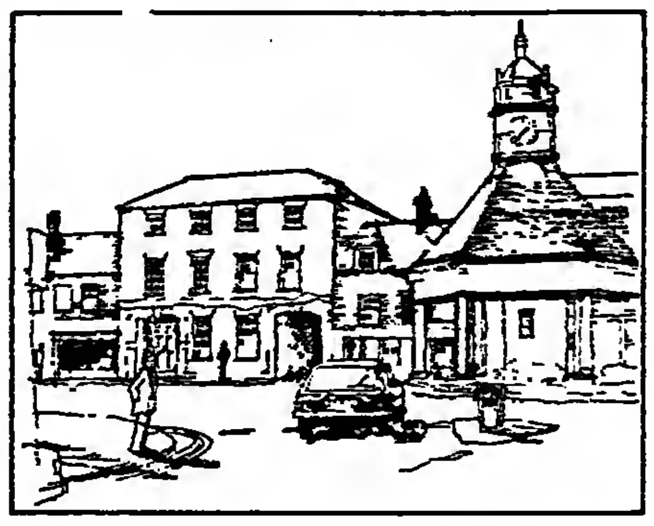
Large developments may be more of a problem elsewhere. The rationalisation moves of the Rank associates and the creation of two new buildings has left something like 200,000 sq ft of new space on the market. The exceptional rents of £14 a sq ft obtained a couple of years ago distorted the market and there could be a problem obtaining the £16.75 asking levels now—even though they bave been cut from the original £18 level.

Ealing and Hammersmith have an enormous amount of new space under way following development decisions made a couple of years ago. Allied-Lyons were unable to find funding for the 450,000 sq ft Cadby Hall redevelopment and Bredero is still trying to make a viable scheme out of plans for 700,000 sq ft in the town centre.

Smaller buildings seem a better bet for finding tenants now and in the near future. In Staines, for instance, Crowngap has achieved £12.50 a sq ft of tho 16,500 sq ft Birch House in Kingston; Canada Life has let the 11,500 sq ft Berkeley House for almost £11.50 a sq ft; and in Bracknell, Scottish Mutual has its 13,800 sq ft block on London Road reserved at £11.50. Weatheralls were involved in all the deals.

Therefore the overall picture in the western corridor is of long-term confidence in growth but a more selective approach to development based on high quality buildings in the right location. Some wrong decisions in the euphoria of the boom may be regretted for some time to come, however.





Above: offices with a view. Merchants' House overlooking Bristol's floating harbour. Below: offices which make a view. Berkshire House, the Broadway, Newbury, which is being developed by Whittingham Property and is scheduled to be completed by the end of the year.

Putting back the sheen on a tarnished image

READING'S tarnished image as a star performer for office property is regaining some of its sheen because of a gradual revival of tenant interest. The recovery is slow but by the middle of next year the market balance should be right for new development to be started.

The town typified many of the successes and problems of the M4 corridor in the last decade. A combination of the new motorway, the high-speed rail service to London and a dramatic growth in the Thames Valley economy because of relocation and high-tech industry turned it from just another Berkshire market town into a booming office centre. Some 2m sq ft was added to Reading's stock of 1.3m sq ft.

The planners restricted development below demand levels, however, so rents soared from around £1.35 a sq ft in 1970 to a peak of 12.50 in 1981. This attracted more developers and investors eager for a share of this bonanza and a string of planning appeals was fought ont around the start of the 1980s. Most were won, despite the Government's approval only e couple of years previously of a restriction on development to a mere average of 150,000 sq ft a year.

By then, however, demand had collapsed. Space coming ont of the ground in the last couple of years has gone begging for tenants when the previous decade saw no major building finished without some pre-letting. The town now has an oversupply of new space, with 300,000 sq ft or more available (about 12 per cent of stock) and more than 1m sq ft of outstanding consents. Rents have fallen to £12 and below, if the cost of letting concessions like rent-free periods are taken into account.

The set-back was no bad thing, as it took excessive heat out of the market. Several big lettings have surfaced in the last year to skim off some of the surplus space but no-one is making a return to forecasts of excessive rent increases.

Local agents, Campbell Gordon, have made few changes to their summer survey, which forecast that the over-supply would disappear by the end of next year and rents would begin to move up again. This would encourage some of the schemes with planning consent to be started—which would, in turn, control excessive rent increases.

International consultant surveyors Richard Ellis took a similar view. They forecast a return to a more balanced market by next year—albeit at higher levels of availability than in tho past—with further space becoming available in 1985-86.

Reading's offices

DAVID LAWSON

This extra space could have a fundamental effect on the market in Reading. The surveyors believe demand in the lown has been restricted in the past by lack of suitable space and imply that developers have been able to get away with bnildings in poor locations or with poor finishes.

While a two-tier market already exists between new and older property, the prospeet of a reasonable surplus in future will take some new property down into the lower rent bracket. Campbell Gordon go further by suggesting that some developers will have to accept that there are new buildings which are virtually unlettable because of modern tenant demands in a buyers' market.

This will be firmly in the minds of those with developments either available or in the pipeline. If the buildings have been costed in the belief that rents would be well above £12.50 for all new premies by now, they may have to rethink their figures.

Some schemes are obviously in the highest bracket. Royal Berkshire House, the 70,000 sq ft block put up by London and Edinburgh Trust and CAA Superannuation next to the Butts shopping centre, seems likely eventually to go for close to the £12.50 asking rent, as it no longer has any competition in this size bracket since ICL took King's House. Arundell House and Scottish Widows should also not be far out with the calculation of rents on their 40,000 sq ft King's Road scheme at above £12, made in the funding deal two years ago.

Both projects are complete and should benefit from rising demand and stable supply for the next year or so—as should a handful of other well-planned schemes.

Three giant schemes and several smaller ones are on the stocks waiting to be fed into the market when it can take the extra supply.

- MEPC has finally sorted oot its contract tangle with the county council and should be on site with its 350,000 King's Road development next year, backed by Legal and General.
- A decision is expected at any time from the local council on the 200,000 sq ft-plus proposed by the Prudential and British Rail around a new railway station in the town centre. There wero bopes that the new Tory-controlled council would speed this through after 10 years of planning restrictions in the town centre but obstacles have not completely disappeared. An appeal is still pending on an earlier refusal and the fund is committed to fight for the scheme.
- The Courage Breweries site remains in the melting pot after Trafalgar House pulled ont of the agreement to build a new Courage HQ plus abont 245,000 sq ft of speculative offices. It looks as though Macwall is the new front runner but tho plans would need rethinking under current conditions.
- Alder Valley still seems determined to win permission for more than 200,000 sq ft of offices on the town centre bus depot site—another scheme which will probably need to go to appeal.

Phasing will be the order of the day for these developments. Any two together would swamp even an improved market. But it would take only a Fluor or Chase Manhattan Bank to remove one giant scheme from the potential supply list and start another rolling.

Investment interest holding up well

Funding

MICHAEL CASSELL

PROPERTY is hardly top of the investment popularity charts. While the continuing and detailed reassessment of commercial and industrial occupation requirements prolongs one of the property market's biggest post-war shake-outs, the rethink among investors is proving no less fundamental.

The reasons for property's recent fall from grace are well rehearsed: a decline in performance when set against other investment vehicles (some of which have been doing particularly well); the poor outlook for any significant improvement in that situation; the prospects for a lower-inflation economy; lower overall cashflows for investment; and, to some extent, rising overseas investment allocations.

At the same time, the lacklustre performance of commercial real estate—tied directly to the state of supply and demand in the marketplace—has coincided with a period in which many investors have, for the first time, reached what are regarded as prudent exposure levels. They would not, therefore, have planned to pursue anything other than a portfolio balancing exercise in which bits and pieces were sold and others were bought in.

Property is far from being a dead duck, however, and—in the same way that the market for accommodation has polarised sharply as demand has weakened—so too has the market for investments.

Overall, retail property—supported by the mystifying but continuing boom in consumer spending—has held up best, with office accommodation in selected locations running second and industrial space, in even more closely selected spots, coming third in the list of priorities.

Regions, too, have emerged in a predictable "pecking order," which does little more than reflect the varying strengths of the country's regional economies. In the simplest terms, the whole of the southern part of the country has managed to maintain a healthier property market and, in consequence, a more robust investment climate.

Even the Midlands has suffered badly this time round, in some respects faring no better than the property markets to its north. Only small pockets have defied the general rule and news of a large letting or a firm rental deal have served more to underline the market's general weakness rather than its returning strength.

Encouraging

London, too, has shared the strain and though the most encouraging signs of revival have come from within the capital's extensive and diverse property market, the availability of an estimated 10m sq ft of existing office floorspace alone makes it difficult to become too optimistic just yet.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway on its way to the Bristol Channel.

Even more importantly, from a potential property investor's point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backcloth against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

By way of example, the national overhang of empty industrial floorspace finally levelling out but still at historically high levels—is not deterring investors from backing numerous large-scale, mixed commercial schemes along the route of the M4.

The original timetables on many projects may well have been slowed down and extended in order to take account of the market, but few developer-funders apparently have little doubt about the longer-term future for projects in this part of the world.

At Aztec West, close to Bristol and surrounded by all-important motorway links, Electricity Supply Nominees is funding a 170-acre industrial park which could, by the time the project is completed in the last part of this decade, represent an investment of £100m.

An investment on a similar scale is likely to be involved in the development of the so-called Winnersh Triangle industrial park just outside Reading. The project will take several years to complete and will provide nearly 2m sq ft of industrial, office and warehousing space in a landscaped setting. Legal and General Assurance has funded the first £28m phase, which is being developed by Wimpey Property Holdings. Phase one comprises 600,000 sq ft and tenants already include AEG Telefunken, Hewlett Packard and Modular Computer Services.

On the outskirts of Swindon, St Martins Property Corporation is also envisaging spending something like £100m on its own Windmill Hill business centre, which will eventually embrace 80 acres of land adjoining junction six of the M4. As with all the others, the developers are promising something more than the "run of the mill" project and hold out the prospect of "an exciting, integrated business park featuring imaginative high-technology buildings set in landscaped parklands."

The theme will be repeated again much closer to London when Trust Securities gets on with its much-publicised plan to develop its Stockley Park project, within two miles of Heathrow Airport. The development involves a 475-acre parkland setting and, ultimately, over 2m sq ft of flexible, high-quality accommodation to suit a variety of tenants. The emphasis will be very firmly on companies specialising in research and development for modern, technology-based industries.

Strength

The total development could cost up to £200m and the first phase is being funded by the Universities' Superannuation Scheme.

The region is currently the scene of numerous other projects which, along with those mentioned, confirm the strength of investment interest in either the M4 corridor or the landscaped industrial park concept—whatever the prospects for the UK property market as a whole.

But the M4 market is not a single entity and the weaknesses which have hit centres like Slough and dented the growth image of locations such as Reading or Bristol represent a testimony to the impact which a discouraging economic environment can have on traditionally firm sectors of the property market.

While few observers would question the continuing interest of investors in the M4 corridor, some have been critical of the type of accommodation which the institutional funder is prepared to back. Evidence of the institutions' readiness to respond to whatever type of property appears to be fashionable is plentiful enough. There is some concern that undue priority is now being paid to the low-density, landscaped environment in which new technology industry apparently thrives but which may represent an unnecessarily costly or unsuitable option for a broad range of other industrial and commercial occupiers.

Just to prove that the institutions cannot win, however, some are also being criticised for reacting too slowly to market conditions and for continuing to finance the less-glamorous or less-imaginative space which conforms to their traditional view of real estate and which might prove more difficult to let in a very selective market.

The reality must be that, even in a region indelibly marked with the influence of the new technology industries, the demand for efficient but traditional accommodation of all types will continue to prove successful provided it is well located and sensibly priced. Not every occupier wants rolling parkland beyond the delivery bay.

The institutional attitude seems equally mixed: with the reduced availability of development finance, many funds are tending to cut back first on the larger schemes, on the basis that they constitute the largest risk. On the other hand, others now intend to concentrate on the bigger projects, so that they may attract the maximum value from a site and take full advantage of economies of scale.

Above all, the funders are set to concentrate their interest on those locations where planning constraints provide an in-built development premium. The prospect of rising rents represents the developer's aphrodisiac, and few locations are more likely to provide the all-important stimulant than the M4 corridor.

Long overdue facelift in the pipeline

Bristol's Broadmead

ROBIN REEVES

"THE REAL problem is that the city council built Broadmead shopping centre in the 1950s and they have been feeling guilty about the result ever since. They feel they failed the citizens."

This comment from a close observer of the Bristol property scene goes some way towards explaining why the city has agonised for so long over the future development of its shopping facilities.

While the council has happily pressed ahead with encouraging Bristol's development as a major office and high technology industrial centre, having got it wrong once, this confidence has not extended to ensuring that the city has a retail centre to match, and enhance its claim to be the capital of the south-west of England.

Broadmead is Bristol's principal inner city shopping area, extending to 29 acres with 1.12m sq ft of retail space. There are three department stores, three other variety stores, two large and 255 small shopping units, one hotel and one public house.

It was built to replace the old principal shopping centre located along Castle Street and Wind Street, destroyed by World War II bombing. Apart from a general lack of architectural merit, it has inadequate car parking facilities (one multi storey for 772 cars), it does not have a major food outlet, and it has a slightly scruffy appearance.

It was against this background that the Conservatives took control of Bristol City Council last May for the first time for 10 years. They were confronted almost immediately by major new proposals, initiated by their Labour predecessors, aimed at radically strengthening Bristol's attractions as a retail centre.

The first was a £30m project to extend Broadmead by building an underground shopping complex and a two-level 1,000-space car park under Castle Green which lies immediately to the south of the existing shopping complex.

Speciality shopping

The second was a report from property consultants, Hillyer, Parker, May and Rowden which put forward a scheme for the comprehensive re-development of the Canon's Marsh area of the city—some 30 acres of the dockland which still remains to be redeveloped. The report also suggested the provision of a major supermarket and up to 150,000 sq ft of speciality shopping.

Both schemes had genuine attractions and perhaps in a more auspicious economic climate one or both might have gone ahead. But the Conservatives have made as their first priority a reduction in the city's heavy rates burden, arising in particular from the building of the 40m Royal Portbury Dock at Avonmouth in the mid 1970s.

Because of the downturn in international trade due to the recession, debt charges on Royal Portbury alone are costing Bristol ratepayers £20 per person per year.

The upshot has been the adoption of a more cautious approach. Firstly, the council has set aside both the Castle Green scheme and the Canon's Marsh plan.

Secondly, it has reaffirmed that Broadmead will remain the city's prime shopping centre. If Broadmead is to be extended, then the council continues to prefer a longer-standing proposal for building eastwards over a major road to a site owned by builders William Cowlin.

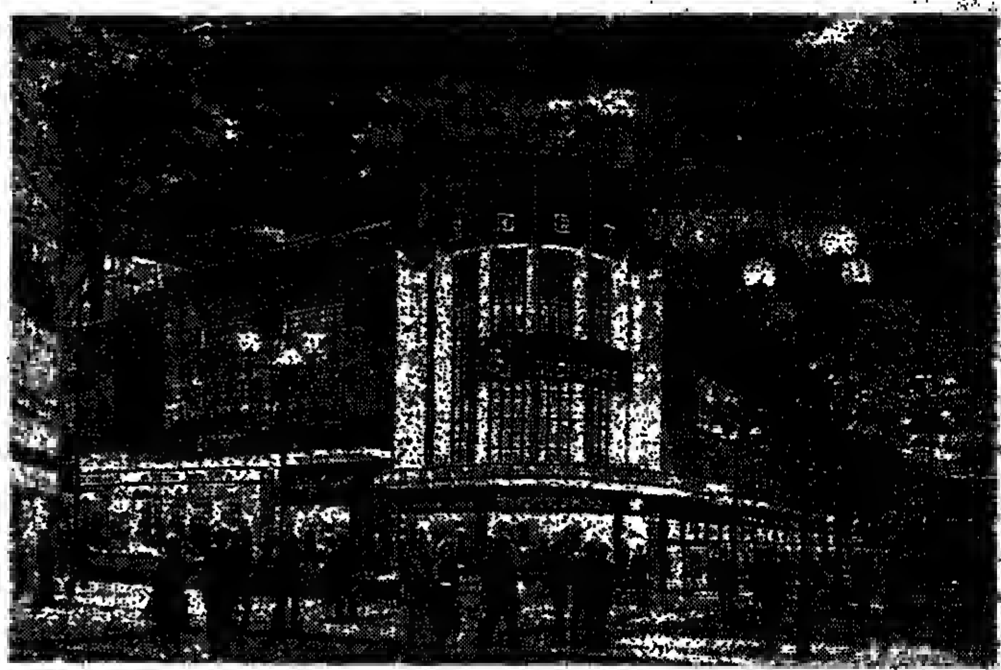
For this scheme, planning permission for 270,000 sq ft of shopping space and more than 50,000 sq ft of office space already exists but agents Lalonde Bros and Parham have so far been unable to find an anchor tenant.

At the same time, the freehold of Broadmead will not be sold off, as was at one time rumoured. But, as part of an exercise aimed at raising some £50m, to cut rates by 7p in the pound, the council has decided to raise around £30m by renegotiating the tenancy structure of Broadmead.

Most of the existing tenants have 99-year, non-reviewable leases which yield the city only around £800,000 per annum. But since most are now one third expired, the signs are that they will be happy to exchange them for fresh 125-year leases with 2½ per cent indexed ground rents.

If everything goes according to plan—a deadline of June 30 next year, has been set for renegotiation of the leases—the Conservative administration believes it will have found the right way forward.

The resulting revenue will not only make an important contribution towards resolving the debt problem but also yield sufficient income to give Broadmead a long overdue facelift and Bristol a main shopping centre worthy of its status as a regional capital.



The shape of things to come: Stonechester Properties' £4m development scheme in the heart of Broadmead. Up to five shops are planned for the 25,000 sq ft of retail space available, the existing cinema is to be split into three and the paved area around the cinema is to be extended. Work is expected to be completed within a year.

Corridor scores well for location and surroundings

THE REASONS why a company will choose a particular town or area to site a new headquarters or build a new factory are difficult to pin down. They vary according to type of company, ownership and size, but it is clear that location and environment are prime considerations.

The M4 corridor undoubtedly scores well in terms of location, thanks mainly to easy access to London, Heathrow Airport and the south-west of the country, while in terms of environment the countryside of Berkshire, Wiltshire, Avon and adjacent counties is some of the best in Britain.

However, business environment is probably even more important, since new and successful companies usually want to associate themselves with areas of potential growth rather than industrial decline. This has to be weighed of course against the financial inducements of locations with assisted area status.

It may be argued that if a company is going to relocate to Bristol it could be worth its while to move a little further into Wales and gain grants on the capital investment involved. On the other hand, a company such as Hewlett-Packard, which recently announced that it had chosen Bristol for its first research and development laboratory outside the U.S., clearly regards such benefits as unimportant in the long term.

Hewlett Packard already makes computer memory disc drives for the European market at Bristol and plans to develop closer relationships with British universities. It will recruit 50 research staff for its new operation this year and employ up to 200 research professionals by 1987.

Any company which has to compete in the increasingly difficult market for highly trained and well-paid professionals now bears in mind that its location will affect recruitment. Bristol, with a concentration of high technology industries, is therefore, likely to attract companies of the same kind.

This was underlined recently by Mr Norman Tebbit, the Trade and Industry Secretary, who said: "The M4 corridor is reputed to have the highest concentration of computer software expertise in the world and it is already the home of many multinational companies and a substantial research and development effort."

According to Mr Douglas Smith, industrial adviser in Swindon, the primo reason for office relocation from London—mainly administrative functions of large companies—is the high cost of space in the metropolis and the lack of space for growth. He points out that although space for office staff

Environment

LORNE BARLING

may be adequate many companies now need additional facilities for computer installations; *Chase Manhattan Bank*, for example, is now considering moving some operations to Swindon.

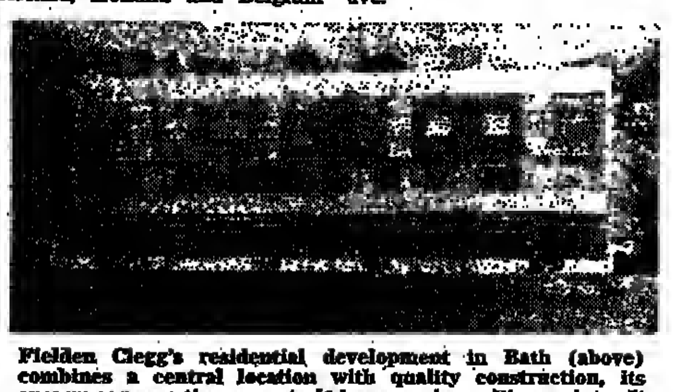
International investment had also swung towards Britain in recent years, also for cost reasons, since locations in Switzerland, Holland and Belgium (particularly Brussels) have been subject to rationalisation by American parent companies.

However, Mr Smith believes that notwithstanding the number of major companies moving their headquarters out of London recently others are being deterred from doing so by the sheer cost of relocation despite the longer term benefits in lower rent and rates available in towns such as Swindon.

In broad terms the Government'e current review of regional policy is expected to be to the advantage of the M4 corridor, since it is likely that there will be some reduction geographically in financial assistance in favour of sectoral aid, such as to particular industries. If this comes in the form of "backing winners," then the technology-based industries in the area will benefit.

In addition, any company which is deterred from moving to an assisted area by a reduction in the level of grants would therefore be more likely to move to an M4 location.

Environmental considerations for any company making a move are therefore increasingly complex but for any concern wishing to attract a high calibre workforce one of the highest priorities is finding a place where they will be happy to live.



Fielden Clegg's residential development in Bath (above) combines a central location with quality construction, its energy conservation aspects being a major selling point. It has triple-glazed windows, 90 mm cavity wall insulation and 150 mm roofing insulation. The units are fitted with external blinds to prevent solar gain when the occupier does not want it. "If you compare a house with a car," says Richard Fielden, "it is so crude—the conditions under which it is produced so rudimentary—that you have to keep the systems involved as simple as possible."

Pushed to the forefront

RETAILING HAS pushed itself to the forefront of property investment in the last four or five years, particularly since the office and industrial markets have stagnated. Nowhere has this been more evident than in the string of towns reaching westwards from London along the M4 into the West Country and South Wales.

The industrial and office sectors have not declined as severely in this corridor but, paradoxically, this has made investment in shopping all the more attractive. For while retail has become the most attractive of the property sectors, it is at its most alluring where consumer spending is high. The relatively buoyant economy of the western corridor has provided this formula.

Development opportunities to tap this rich vein have been limited in recent years, however. Most of the major town centres were rebuilt in the postwar years leaving little capacity for new schemes. The exceptions were at the extreme ends of the corridor: Swansea and Cardiff in the west and Bracknell in the east.

The late development of the Welsh town centres was the result of determined civic action in Swansea and exceptional planning delays in Cardiff. Both aimed to take up the slack in under-shopped cities and have transformed traditional retail patterns, setting new highs for rental values.

Bracknell was also an exception. It was tho only new town in tho corridor, with all the benefits of a buoyant local economy plus pressure from the Government to sell the last major site in the town centre to complete the shopping hub. London and Metropolitan bid an amazing £6m to beat off rival developers and then announced that Abbey Life would pay £28m for the 200,000 sq ft investment.

Agents Clive Lewis and Partners, who are acting with Healey and Baker and Bernard Thorpe, believe the critics of such high prices are about to be proved wrong. The fund will have the unusual advanage of a freehold, so it will net all the growth rather than sharing with a local authority landlord. The deal also provides no coverage for the developer, so Abbey will take all the surplus over base rents agreed with L and M.

While no leases have been signed, Clive Lewis says prelets are in hand for 15 out of the 25 standard shop units and all have been above the base

Retailing units

DAVID LAWSON

rent in a range from £20,000 to £30,000 a year. Sainsbury has taken the main store and Boots is likely to sign for a 12,000 square feet unit next month.

The centre, due to open next year, was a rare opportunity for a major investment. Only Bristol, if internal squabbling can be settled, is likely to provide a comparable scheme in the corridor in tho next few years. Sir Robert McAlpine and Commercial Development Projects are competing with £30m plans for Castle Green, while yet another attempt is being made by the council to get a 150,000 square feet speciality centre off the ground at Canon's Marsh.

Pressure for shopping development is generally being fuelled by a continuing surge in consumer spending, which is particularly evident in the prosperous western corridor. Rising real incomes, the lifting of hire-purchase restrictions and a run-down in savings have all kept the growth in spending going far longer than expected.

As turnover is translated into profits, the multiples are well into an aggressive expansion campaign, while fashion and video shops are competing for high street premises. The pressure is likely to keep prime rents high, while lack of investment opportunities seems likely to hold prime yields available to investors bolow 4 per cent.

Supply is being helped by developers switching out of the moribund industrial and office sectors into small shopping schemes. At the same time, however, institutional funds are coming into the market to even tho balance of their property portfolios after piling themselves up with office property through the late 1970s boom.

Growth in rental values will not be as spectacular as in the past, despite this pressure, and a major problem is beginning to emerge over older shopping centres. If these are to retain their competitiveness they must be renovated and many institutional investors have not built this cost into their calculations on returns.

Another problem area for investors and developers is the fast-growing retail warehouse supermarket sector. It would be an understatement to say tho funds are not enthusiastic about backing food stores and Clive Lewis has pointed out that this has restricted development in the past. The problem lies in the premium rent of between £7 and £9 a sq ft that operators will pay on the basis that once they are in an area, no competitor will follow. But this also means no comparable store exists locally when the landlord calculates the first review of rents.

Clive Lewis says that stores have seldom been reviewed to more than £7 a sq ft and most are in the £3 to £6 bracket across Britain. Those funds which are willing to back this type of development are therefore working on yields which discount any growth in the first review periods.

Retail warehouses are charged rents which can be twice as high as conventional warehouse tenants. Reviews are geared to the same warehouse sector, however, and, as this is unlikely to show much growth, investors are wary about getting involved.

This must mean that development and investment may be concentrated on such opportunites that arise closer to town centres, despite tha demand for new schemes on greenfield sites.

Rapid take-up despite controversy

THE IMPORTANCE of good environment for relocation is well illustrated by the recent popularity of Newbury in Berkshire, a town which has all the advantages of good communication besides the superb countryside surrounding it.

Inevitably, the development of offices and light industrial premises has aroused some contreversy locally, in view of the essentially rural nature of the town and its strong links with horse racing and training. However, a considerable amount of development is going ahead and there is no shortage of companies wishing to take space there.

The largest development is the Royal Berkshire Centre, developed by Wiggins Rockhold, a joint company formed by local company Rockhold and the Wiggins Group. Infrastructure work was mainly completed last year on the 49-acre greenfield site and Sony UK is now constructing its new national distribution centre on 15 acres of tho centre.

This rapid take-up owes much to the location of Newbury, since it not only benefits from its proximity to the M4 but to north-south road links, either existing or planned, which will provide easy access both to the Midlands and Southampton. Sony conducted computerised traffic studies which confirmed the benefits.

An additional one and a half-acre site has been taken by tho Automobile Association for one of its Relay depots but more significantly there is a possibility that Syntex, the pharmaceuticals manufacturer now based at Maidenhead, will develop 25 acres at Royal Berkshire for a new national headquarters, for which planning consent has been granted.

Newbury

LORNE BARLING

According to Mr Chris Watts, forward planning officer for Newbury council, the town is now attracting a lot of attention from larger companies, with Bayer UK having established itself in 150,000 sq ft of offices and Blue Circle converting Aldermaston Court near the town for its new headquarters.

In addition to the communication benefits, he attributes the high level of inquiries to the considerably lower costs available locally on rent and rates and to the environmental advantages. Recently e number of companies have had to be turned away because of the lack of larger parcels of available land.

Council policy, governed by the county plan, is to attract sufficient new companies to ensure a fall in the unemployment level, which is now at about 8 per cent, well below the national average. Housing policy is also aimed at providing sufficient accommodation for incoming workers—but within limits.

The second major development in the area is expected to be undertaken by Arlington Securities on a 27-acre site, for which an application has been made for a mix of offices and light industrial units. Planning permission for light industrial use has been granted but the developers are now seeking a higher proportion of offices.

Mr Toy Eames, financial director of Wiggins Rockhold, says that the local planners have retained a degree of control over the type of development on the Royal Berkshire site, since owner occupiers have had to submit plans for approval.

However, this has in no way discouraged development in Newbury, which is also likely to benefit in the longer term from scarcity value, since restraint on building (because of the lack of available land) will ensure that property values do not suffer from over-supply.

Inquiries in recent months had been from a mix of companies in terms of their activity, with a fairly high proportion in high technology fields. Mr Eames says that his company has made an application for a "high technology" development on three acres of the Royal Berkshire site though this has been withdrawn pending the outcome of the Syntex proposals.

Development in the area has so far been entirely on private land, with the council only promoting the release of certain parcels of land which it regards as suitable for development. The Royal Berkshire project, for example, was a supported departure from the county structure plan.

The plan is now under review and the result of this in the New Year will be of importance in dotermining the futuro of Newbury as a business and light industrial centre.

PROPERTY ALONG THE M4 VI

Testing time for a theory

Flexible design

LORNE BARLING

THE DEBATE about long-term demand for flexible use buildings, particularly those aimed at high technology companies, is particularly relevant to property development along the M4, given the high proportion of electronics, computer-related and light manufacturing industry concentrated aloog the route.

It is argued that if no significant demand develops for these buildings in such an area, then the concept should be reappraised netionally, perhaps on the grounds that the American models for developments of this kind are not applicable in Britain.

Speculatively built "high technology" premises are aimed at attracting fast-growing companies which need a mix of office, research and development and ligbt manufacturing space, enabling almost immediate occupancy and the minimum of alterations.

This theory is based, however, on the assumption that the right mix of space can be achieved for a fairly broad range of company activities and that the companies concerned will be prepared to pay premium prices for the space in these buildings.

More favourable

Institutional attitudes to buildings of this type along the M4 have been cautious but it appears that funds are now taking a more favourable view. Two ootable developmeots of this kind have taken place at Swindon; the Dorcan project funded by Royal London and Kembrey Park, backed by Sun Alliance. These must be regarded as important indicators of institutiooal attitudes on development of this type and so far the response can be said to be promising.

At Kembrey Park the first phase involved a 10,000 square feet multi-purpose unit, which was let within nine months to Lake Electronics, a fast growing company which had shortly before received a large order to supply components to British Telecom and therefore needed suitable space quickly.

The rest of this phase was made up of a number of flexible but small units designed as nursery premises for small compaoies. These bave also been let, meinly on short leases, during the same period.

Phase two of the project, the Maple phase, will be a 56,000 square feet buildiog, including 24,000 square feet of offices, which can be exteoded to a total of 80,000 square feet if required. This offsets the potential problem for fast growing companies whicb can foresee that they will need additional spece in time, according to agents Conway Relph Stanton, who are marketing the property jointly with J. P. Sturge of Swindon.

The third phase of this development will be a 35,000 square feet two-storey building which can be used wholly for offices, for manufacturing or even warehousing. It is due for completion this month and Sun Alliance is reported to be pleased with the project so far.

However, it remains to be seen whether institutions will be tempted by examples such as this to become more involved in flexible designs. The fears about reletting remain in the background, although the number of U.S.-owned electronics companies now operating along the "western corridor," which expect to find the kind of premises they are eccustomed to at home, is increasing rapidly.

According to local agent Peter Barefoot, the market for flexible premises is larger than anticipated but American companies are at the same time demanding higher standards than expected in terms of building quality and car parking facilities, which often involves extravagant use of land.

He believes that other institutions will follow the example of the few which have become involved in projects of this kind and that this will be followed by more speculative building by developers. He points out, however, that the profitability of buildings such as these can only be proved in the longer term, given their higher constructioo costs.

It is felt that new attitudes on lease lengths ought to be entertained, bearing in mind that the type of company which moves into high tech premises is likely to expand rapidly (or fail altogether) and that the availability of shorter leases, perhaps between five and 10 years, would be helpful.

Agents argue that institutional fears about reletting property of this kiod could be completely unfounded, on the basis that if there is demand for it now there is no reason to believe there will not be in five or ten years' time. This assumes, however, that the properties coocerned bear the test of time and have easy access, sufficient parking and the right kind of location.

Higher quality

The quality of much of the high tech space beiog built is considerably higher than traditional industrial buildings, with the result that its marketability is unlikely to suffer too greatly over the years. However, the cost is also considerably higher (though in the case of offices much less than town-centre type buildings) and careful design is therefore important in ensuring that the right returns are forthcoming.

The trend towards including a high proportion of "extras" in this new generation of buildangs, such as carpeting, lighting, beating and other facilities, is now spilling over into the traditional industrial building market, where incentives such as these are needed to maintain competitiveoess.

One of the problems of these buildings is that in terms of jobs-per-acre, the phrase which is increasingly popular with industrial development offices throughout the country, they are not particularly efficient because of the high proportion of land they require. This creates problems in areas where land is in short supply, particularly the locations on the M4 which are nearer to London.

In fact the number of high tech buildings on the M4 tends to increase as distance from the capital widens, although Bristol has not seen a great deal of this type of development apart from the buildings on the Aztec West site.

But in terms of job value buildings of this kind remain a considerable asset, since the people likely to be employed in them will be highly paid professionals or technicians, equal in wage terms to perhaps double the number of people employed in a warehousing operation. For this reason, as well as the growth prospects of the companies concerned, development officers are usually happy to see developments of this kind.

Along the western corridor Swindon bas seeo the number of planned bigh tech buildings increase substantially in the past year, with the 3B2 complex of nearly 30,000 sq ft of office accommodetioo and 20,000 sq ft of production/research and development space planned around a central forecourt. Tho building, situated at Westlea Down, is being funded by Royal London Mutual Assurance.

The St Martin's Property Group's Windmill Hill development at Swindon, one of the most ambitious projects undertaken near the M4 for many years, will be notable for some very advanced units for which plans were announced recently.

Designed by architects and planners, Covell Matthews Wheatley, the speculative development will accommodate a range of office and research units to suit individual requirements in 16 modules planned as four cluster buildings set in an undulating landscape around a central ornamental pool.

All four buildings will be clad in reflective glass and modules will be fully air-conditioned, with a passive system of thermal recovery to save energy costs and give optimum comfort conditions, according to the architects.

The high performance reflective glass will minimise solar gain, while there will be maximum flexibility in partition layout and provision of services. There will be a raised computer floor at ground level as a standard facility, with high quality finishes including carpeting and suspended ceilings with parabolic reflector lighting for economy. Extensive car parking will be screened by landscaping.

One of the factors which has clearly allowed Swindoo to attract more development of this kind than other areas is the amount of land available for development, Windmill Hill alone having around 80 acres.

In other areas, such as Reading, there is less opportunity for this reason, although agents Giddy and Giddy report that a site is now being assembled for an 80,000 to 85,000 sq ft development by Markham Developments, of which around half will be offices and the rest high quality research and developmeot or industrial space.

In terms of regional advantage the good access to and from most towns on the M4, backed up by suitable buildings for new companies, must improve the chances of the western corridor becoming a major centre for growth industries over the coming years.

St Martin's Property Group's Windmill Hill business centre: the design is notable for very advanced units

Demand for factory space awaits upturn

Industrial units

LORNE BARLING

Demand for industrial property along the M4 has increased in recent mooths, leading to a slight decline in the amount of vacant space which has mounted since the start of the recession. In most locations, however, this improvement remains tentative.

The number of enquiries through agents has also risen in most areas and it is widely reported that enquiries are far more serious than they were at the start of the year, with a better conversion rate into firm lettings.

This general improvement is far less impressive than had been anticipated, however, and the M4 corridor remains strewn with too many larger older industrial premises which are attracting little attention, even at knock-down prices.

Although factory space up to 10,000 sq ft has been in fairly good demand in most areas, there is also evidence that in some places too many smaller units have been built in the past two years for the market to absorb, in spite of earlier demand for more nursery units.

Nevertheless, Mr William Baker, UK general manager of Slough Estates, believes that the M4 corridor is still one of the best areas of the country for industrial development, thanks to the growth potential of the new industries established there.

He feels that there will be an increase in capital investment in the UK over the next 12 months which should lead to considerable improvement in demand for factory space in the aree but points out that Reading for example, is overstocked with industrial buildings and that rents would not necessarily rise very much.

According to Reading agents Gibson Eley, local conditions remain very favourable to prospective tenants, with a variety of incentives being offered on available space. Premises in the 20,000 sq ft range are now being let for £3 to £3.50 a sq ft, while newer buildings are achieving up to £3.75. Rentals of £4 to £4.25 were being asked on buildings up to 5,000 sq ft.

Newer estates

However, a high proportion of space on the newer estates at Reading has either been occupied or reserved, indicating that the area remains popular when the right kind of property can be obtained. It also shows that much of the vacant space, if suitably modified, could be taken np quickly if the market improves.

Vacant space at Slough also presents a problem but unlike the situation at Reading much of it is comparatively old and owners are faced with unenviable decisions on whether to assume that they will be let eventually or to decide that they are too outdated and redevelop the sites with more appropriate buildings.

This problem is made even more acute by the fact that shortages of land in the Slough area are now restricting further development, with the result that there could be a shortage of more modern flexible use buildings in the not too distant future.

On the other hand there is a considerable number of major owner-occupiers in and around Slough—aside from the dominant Slough Estates—which have ample land for development. When the time is right plots which are now being sold off could meet the growth requirements of the area.

Rents in Slough now range from around £2.85 a sq ft for older larger premises up to about £4.75 for modern units of up to 5,000 square feet. As in other areas, a large number of incentives such as rent-free periods are being offered.

In Swindon, according to local agents, there has been an increase in the number of lettings of smaller premises and enquiries are up but the general performance of the market remains uncertain, with prospective tenants becoming increasingly cost-conscious.

Mr Robin Braithwaite of Farrant and Wightman says: "Overall, the stock of traditional style industrial buildings in Swindon is now being reduced, partly because very few have been built recently. But the improvement is still very slow and unpredictable."

He is encouraged by the fact that a rental of £2.40 has been achieved on space at the Slough Estates development at Westlea, and that a high proportion of inquiries are coming from outside Swindon itself. He also believes that improvement in industrial output in the UK is the key to better local demand for property.

However, an increasing number of companies, particularly those in high technology industries, are now paying close attention to the cost of converting premises to the best advantage. Purpose-built high tech premises are not always the answer, since rentals are high and conversion work often necessary in addition.

"If companies can get other premises for as little as £2 a sq ft and spend an additional sum on conversion, they are often better off and in the end have far more suitable space for their particular purpose," says Mr Braithwaite.

Bristol has also seen some improvement in demand in the past few months, according to agents Hartnell Taylor Cook, who have let 40,000 sq ft of space in the last eight weeks and 300,000 sq ft in the greater Bristol area since the start of the year.

However, incentives such as rent-free periods for as long as nine months have been available to prospective tenants, who have also been allowed a considerable amount free of charge for extra work on premises. Warehouse space has been available for as little as £2 a sq ft, with some industrial premises not much above that.

Optimism

Mr David Hosegood of Hartnells does not believe that there is much opportunity for rental growth at present and feels that very little new property development in the area will take place until there is some improvement in returns.

At the same time there are some grounds for optimism in the decline in second-hand space coming on to the market, because of reduced rationalisation and cutbacks by local industrial companies. He adds that there were now very few large good quality industrial premises available in Bristol as a result of the lack of confidence in the market. Any company needing such a factory would have to have it purpose-built.

Overall, the picture in most M4 locations is one of frustration for most people involved in the property market, since the early signs of an improvement in demand have not turned ino anything substantial. But the favourable signs are still there and most agents believe that demand will continue to pick up slowly, if somewhat erratically.

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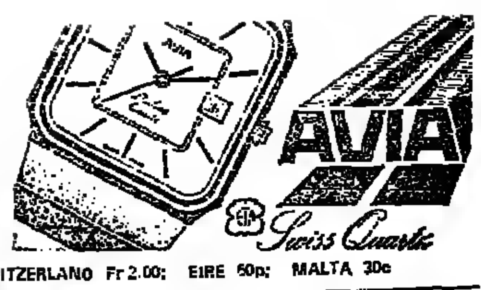
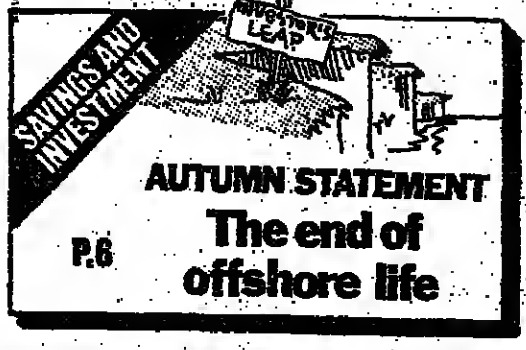
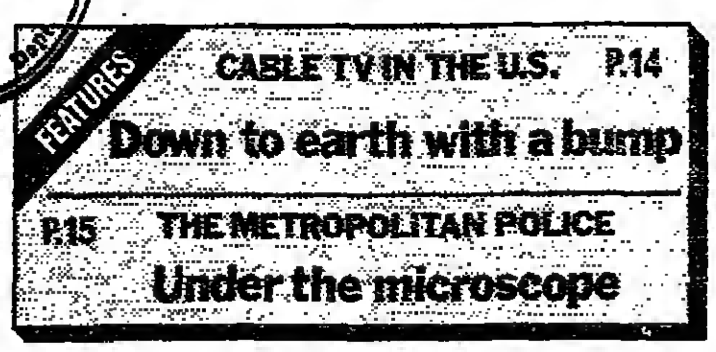
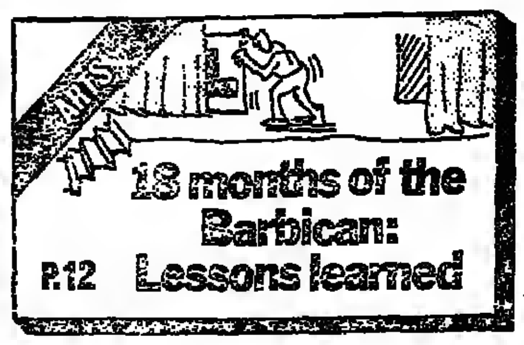








NEWS SUMMARY

GENERAL

London police attacked in report

The Metropolitan Police is heavily criticised in a report published today which accuses tha force of brutality, particularly to poor people.

The Policy Studies Institute says there is beavy drinking by detectives, use of racist language and singling out of young blacks for questioning.

It says promotion beyond the rank of inspector depends on examination results rather than ability or conduct and the force discriminates against women applicants by keeping the proportioo of women down to 10 per cent. Back Page

Cyprus talks

Turkish Foreign Minister Ilter Turkmen appeared to rule out further talks with Britain to defuse the Cyprus crisis after his meeting with UK Foreign Secretary Sir Geoffrey Howe. Page 2

Lebanon battle

Rival Palestinian armies fighting in north Lebanoo attacked each other round Tripoli and the refugee camp at Baddawi. Page 2

Galtieri trial

Former Argentine President Leopoldo Galtieri and two other former members of the country's ruling junta will be tried by court martial for leading the country to defeat in the Falklands. Back Page

Soviet denial

The Soviet Union said there was no truth in western reports that it may drop insistence on counting British and French rockets as Nato nuclear strength if the U.S. deployment is scrapped. Earlier story, Page 2

Church warned

Polish bishops urged the Government to end political trials, amid reports tht the Communist authorities bave told the church to curb political activities by 69 priests. Page 2

China pledge

Chinese officials have said Communists will not be sent to administer Hong Kong after Britain leaves because they could not be trusted to restrain their socialist ways.

Teresa award

Mother Teresa, the Nobel Prize-winning missionary, will travel from the slums of Calcutta to the presidential palace in Delhi to receive an honorary Order of Merit from the Queen.

Coach crashes

Two peopla died and five were burt in a crash betweeo a coach and a tanker lorry near Ayr.

Strike illegal

The National Union of Journalists was yesterday ordered by the High Court to call off its strike against the south London newspaper group owned by TV presented David Dimbleby. Paga 3

Briefly . . .

One of Belgium's sextuplets, born on Wednesday, died of respiratory failure.

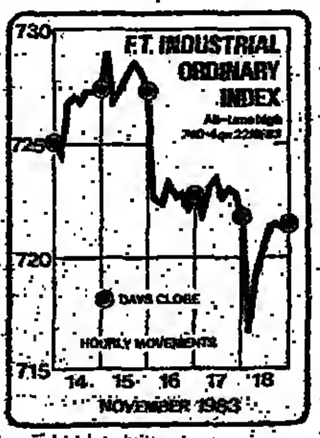
William Trevor woo this year's Whitbread £3,000 best novel prize for Fools of Fortune.

BUSINESS

Sharp fall in longer economic indicator

● CSO's longer leading indicator, which predicts what might happen to tha UK economy in 12 months time, fell for tha third consecutive month in October. Back Page

● EQUITIES closed the first leg of the trading account little changed on the day, in spite of early markdown. The FT Industrial Ordinary share index closed 0.4 off at 721.4 for a fall of 3.7 on the week. Page 22



● GILTS recovered from early falls, with shorts closing mixed and longs with falls of about ¼. Page 22

● STERLING fell 90 points to $1.47, also falling to DM 3.98 (DM 3.985), FFr 12.0925 (FFr 12.115), SwFr 3.2175 (SwFr 3.23) and Y347.25 (Y349.25). Its trade-weighted index was 83.6 (83.9). Page 19

● DOLLAR rose to DM 2.706 (DM 2.697), SwFr 2.1875 (SwFr 2.1825). It reached a record FFr 8.2275 (FFr 8.1975) and L1,635 (L1,633.5), but fell to Y236.1 (Y236.15). Its trade-weighted index was 128.7 (128.4). Page 19

● GOLD rose $1¼ to $376¼ in London, and in New York the Comex November settlement price was $375.5 ($77.2). Page 19

● WALL STREET was 7.31 down at 1,247.36 just before the close. Page 18

● JAPAN and the EEC set a ceiling to restrain exports of finished Japanese video tape recorders to Europe. Back Page

● SWIRE PACIFIC is negotiating with Victor Technologies, the troubled Californian computer company, to make its Sirius micro-computer in Hong Kong. ACT, which markets Sirius in the UK, doubled sales and profits in the first six mooths ended September 30.

● BELGIUM and Ireland are each raising $300m through Eurobood floating rate note issues. Belgium's is for 20 years, and Ireland's for 10 years. Page 21

● JAPAN'S four largest securities houses, Nomura, Nikko, Daiwa and Yamaichi report record combined pretax profits of Y266.2bn (£762.2m) for the year to September 30. Previous best performance was Y228bn in 1980-81. Page 21

● HICKSON International, the chemicals, timber and building products' group, sbows pre-tax profits for the year to September 30 up from £7.6m to £11.3m, on improvement in the UK chemicals division. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Applied Computer	488	+ 45
Assed Heat	323	+ 23
Bank of Scotland	607	+ 13
Biddle	140	+ 16
Bilham (J.)	38	+ 8
Bowater	226	+ 10
Burnett & Hallams	175	+ 10
Dixon (David)	108	+ 6
Eagle Star	653	+ 6
Electro-Protective	172	+ 10
Fisons	735	+ 22
Gestetner A n/v	58	+ 5
Gordon & Gotch	125	+ 6
Gt Portland Ests	138	+ 6
Hickson Inml	350	+ 13
Preedy (Alfred)	84	+ 13
Royal Insurance	493	+ 10
Tate & Lyle	404	+ 12
Tavener Rutledge	50	+ 8
Trust Securities	44	+ 5
Utd Newspapers	263	+ 15
Burmah Oil	169	+ 5
Tricentrol	190	+ 6

FALLS

Geers Gross	140	— 18
Gleeson (M. J.)	187	— 5
Miss World	158	— 7
Philips Lamps	890	— 15
Plessey	208	— 6
Young (H.)	82	— 11
Bryson Oil & Gas	165	— 75
Eglinton Oil & Gas	170	— 115
Shell Transport	544	— 10
Grootvlal	867	— 46
MIM Hldgs	225	— 7

Lawson tightens grip on public spending

BY PETER RIDDELL AND ROBIN PAULEY

THE GOVERNMENT bas tightened cootrols over public spending to try to prevent a repetition of this year's overshoot.

The new discipline on public spending is contained in a note in the Treasury's Autumn Statement, whicb points out that the contingency reserve of £3bn for 1984-85 will be available "to meet all contingencies including estimating changes."

In spite of this move, Mr Nigel Lawson's statement oo public spending on Thursday drew heavy fire yesterday, particularly from the Government's stroogest supporters. They felt that the Chancellor's warning of possible tax increases next year was caused by his failure to secure enough public spending cuts.

Mr Walter Goldsmith, director general of the Institute of Directors, and one of Mrs Thatcher's most consistent supporters, said the Government was straining the loyalty of businessmen.

Sir Terence Beckett, director general of the Confederation of British Industry, said continued vigilence on public spending would be needed if taxes were to be reduced.

"The Chancellor must do everything possible to lower interest rates and press on to reduce business costs in his first Budget."

Mr Lawson spent a good deal of yesterday trying to pacify his critics. He stressed that the Governments aim was still to reduce the tax burden.

The Treasury move on the cootiogency reserve represents an important shift. Until now, only specific new policy decisions have counted against the reserve. In future, revisions of the estimated cost of programmes which do not have cash limits, or are determined by demand — sucb as social security and agricultural support which account for a third of total spending — will be counted against the reserve.

This will mean tighter controls. If spending on the non-cash-limited programmes is higher than expected because of an earlier underestimate of the numbers receiviog social security benefits for example, this will mean that less mooey will be available for other calls on the reserve during a financial year.

The implication is that the impact of any overshoot of these programmes upon total spending will be less than at present.

The Treasury hopes total public expenditure will therefore be closer to the planned level. Total spending in the current financial year seems likely to be about £2bn higher than originally planned, largely because of an oversboot on these non-cash-limited programmes.

The main ones have been agricultural support, local authority current expenditure, debt interest payments and bousing benefit.

Apart from changes in the reserve, the Treasury is seeking ways of improving the monitoring of these programmes to prevent surprises.

It also became clear yesterday that a range of ministers share Mr Lawson's view that the debate about longer-term public spending treods needs to be opened up.

There is likely to be discussion in the Cabinet about the form of such a debate before anything is said publicly.

Some ministers favour such a debate because they believe it will show how difficult it is to cut spending significantly.

Mr Lawson said in several radio interviews yesterday that the Government still aimed to reduce the tax burden—especially income tax—over the lifetime of the present parliament.

He hoped the taxation position would ease in the spring, but he had no reason to believe it would. It looked as though there might have to be a small increase in taxation next spring. "That does not mean there will not be scope for further reductions in subsequent years."

Response to statement, Page 4

IBH future still uncertain after meeting with banks

FINANCIAL TIMES REPORTER

THE FUTURE of IBH, the collapsed German construction equipment group, remained uncertain yesterday following an indecisve meeting between Herr Horst-Dieter Esch, the founder and chief executive of IBH, and the banks supporting it.

IBH said only that another meeting would be beld next week and some of the group's principal shareholders would atteod.

Meanwhile, aoother 1,642 workers in the U.S. and UK operating companies of the group have been made redundant or laid off.

About half these cuts are beiog made by the U.S. Terex Corporation, which is the largest single IBH subsidiary with ao estimated turnover of £260m (£175.5m), more tban a quarter of the group total.

● Terex U.S., which filed for protection from its creditors two weeks ago, said 437 hourly paid workers would be laid off indefinitely at its plants in Hudson and Brooklyn, Ohio, and another 374 salaried employees would be laid off for a month as a means of saving cash. The cuts amount to nearly two thirds of the company's 1,239 workforce.

● In Britain, the receivers at Terex Scotland bave announced 450 redundancies from the workforce of 1,450 at the Motherwell plant. Terex directors had given warniog of the likelihood of these cuts before the receiver's appointment

● The receiver at Hymac, the hydraulic excavator manufacturing subsidiary of IBH at Rhymney in South Wales, said yesterday that 166 of the 561 workforce would lose their jobs, in an attempt to make the company more attractive to potential buyers.

● The receivers at Blaw Knox, of Rochester, Keot, the paving equipment subsidiary of the IBH associate, Wibau AG, announced yesterday that 215 of the 540 employees would be made redundant immediately. Blaw Knox went into receivership last Monday, a few days after Wibau sought court protection in West Germany from its creditors.

Mr Nigel Hamilton, one of the Blaw Knox receivers, said: "The company is in a parlous state. It cannot go on making goods for stock."

Herr Esch has been trying to mount a restructuriog proposal for what he calls the core businesses of the IBH group with the help of some existiog shareholders.

It was not clear which shareholders would attend the meeting next week with the group's West German bankers. General Motors of the U.S., which sold Terex to IBH in 1980 and has a 19.6 per cent stake in the group, said it was "reviewing the Terex situation worldwide."

Babcock International of Britain, which sold Blaw Knox and other operations to IBH last year and has a 10 per cent stake in the group, said it had not been approached by Herr Esch, and was not interested in participating in a restructuring plan.

Powell-Duffryn of the UK, which sold Hymac to IBH in 1980 and has a 13.2 per cent stake, also said it had not been approached and was not interested.

Caterpillar's German deal, Page 21

Ambrosiano weighs legal action

BY ALAN FRIEDMAN IN ROME

THE MANAGERS of Baoco Ambrosiano Holding of Luxembourg, once the principal overseas arm of the defunct Banco Ambrosiano Group, have retained a leading City of London law firm with a view to possible legal proceedings against the Istituto per le Opere di Religione, the Vatican Bank.

The proceedings might in part seek to recover several hundred million dollars loaned to a number of Ambrosiano offshore companies with which the Vatican Bank has admitted involvement.

Touche Ross, the Loodon accounting firm which is responsible for running BAH Luxembourg, is understood to bave hired the London law firm of Clifford Turner.

The possibility of legal action has existed for many months but it would be taken only as a last resort. Nevertheless, Touche Ross's decision to instruct tha City firm marks a new stage.

Banco Ambrosiano Holdings last year defaulted on about $450m (£304m) of loans it had secured through the Euromarket.

Talks between lawyers for creditor banks aod Nuovo Banco Ambrosiaoo, the Milan successor to the old Ambrosiano, are in progress.

They are believed to have moved in recent months from discussion of a settlement in the region of 30-40 per cent of the $450m to a common ground of betweeo 60 and 80 per cent.

The special commission representing the Italian Governmeot and the Vatican is thought to be deeply split and has yet to report. Its members are looking into the total $1.4bn liabilities of Ambrosiano Group, relating largely to offshore companies which the Vatican bank has admitted controlling indirectly.

The information came in the "letters of comfort" provided by the Vatican bank to the late Sig Roberto Calvi, the former chief executive of Banco Ambrosiano who was found dead under Blackfriars Bridge, London, in June 1982.

Rizzoli receivership, Page 21

£ in New York

	Nov. 17	Previous
Spot	$1.4805-4815	$1.4810-4820
1 month	0.06-0.07 pm	0.06-0.07 pm
3 months	0.26-0.29 pm	0.25-0.27 pm
12 months	1.15-1.22 pm	1.14-1.19 pm

CONTENTS

For latest Share Index phone 01-246 8026

Sterling slides as dollar surges to record levels

BY OUR ECONOMICS AND FOREIGN STAFF

THE DOLLAR surged forward yesterday, reaching record levels against the French, Italian and Belgian currencies and leaving sterling at its worst level since March.

The West German D-mark also had a bad day against the dollar, with the Bundesbank, the central bank, intervening heavily. Even so, the dollar closed in Frankfurt at a three-month high of DM 2.7035, the first time it has broken through the DM 2.70 barrier since the beginning of September.

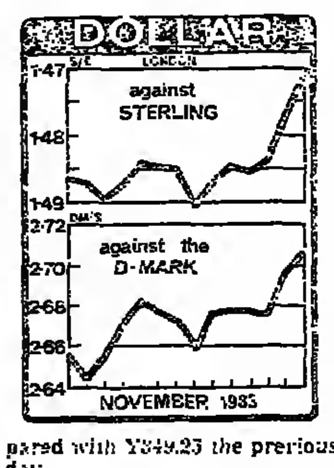
Sterling opened firm in London but soon started to slide badly against the dollar, closing at $1.4700, a fall of 90 points since Thursday.

Dealers said the Chancellor's autumn statement on public spending had not affected sterling, nor was there any inhereot weakness in the currency. The movement was nearly all due to the dollar's strength, reinforced by renewed international tension, particularly in the Middle East. The dollar was also supported by fears of increases in U.S. interest rates and a sharp rise in the U.S. money supply.

Sterling held up against continental currencies in early trading but later fell back a little, its value against the Bank of England trade-weighted basket of currencies closing at 83.6 (1975=100) from 84.0 in the morning aod at noon.

It closed at DM 3.98 and SwFr 3.2175 and was softer against the French franc, down from FFr 12.1130 to FFr 12.0925.

Sterling also fell against the yen, closing at Y347.25 compared with Y349.25 the previous day.



In Frankfurt, the D-mark was unable to hold up against the dollar in spite of Bundesbank sales of $20.5m in support of the West Germany currency compared, for example, with only $250,000 on Thursday.

Most of the hectic activity was in the morning, followed by a quieter and more normal pace for end-of-the-week business.

The dollar has had an impressive year against the D-mark. It started at DM 2.37 in January, strengtheniog consistently until it peaked at DM 2.74 on August 11. On that day the Bundesbank pumped more than $54m into the currency market to try to restrain the dollar.

It dipped during the rest of August before touching DM 2.70 again in early September. Since falling below DM 2.58 early last month it has steadily gained ground.

5.2% U.S. growth forecast

BY PAUL BETTS IN PARIS

HIGHER-than-expected growth in the U.S. next year is likely to improve the economic prospects for the rest of the industrial world, according to Mr Martin Feldstein, chairman of President Reagan's Council of Economic Advisers.

Mr Feldstein said yesterday that the U.S. Administration was forecasting 5.2 per cent year-on-year growth in the U.S. next year. The Organisation for Economic Co-operation and Development last July forecast a 4.5 per cent increase.

Mr Feldstein, who was presiding over the OECD economic

Continued on Back Page

French trade figures, Page 2

Citibank attacked for policy on unions

By David Lascelles

BANK WORKERS from 21 countries have accused Citibank, the leading U.S. international bank, of waging a worldwide campaign to keep out trade unions.

The allegation is made in a strongly-worded report from Fiet, the Geneva-based federation of white collar onions, which maintains that the bank's senior management wants to keep "Citibank for Citibankers, free from union organisation."

The report is particularly critical of Citibank's dealings in London, where Bifu, the UK bank union, has fought a long and unsuccessful battle for recognition. The report is published as Citibank is trying to become part of the British banking establishment by applying for membership of the London Clearing House.

It reproduces a Manager's Guide to Employee Relations in Citibank which says the bank "firmly believes that the best interests of all Citibankers are served without the presence of a union." The guide is said to forbid managers, when handling staff complaints, to deal with more than two people at once, or to give the appearance of dealing with a group.

Citibank said yesterday that it had not seen the report. "Citicorp (the pareot group) operates its foreign businesses according to the laws of each country," the bank said. "Although we believe third party involvement is not necessary at Citicorp, we work with and recognise organisations and associations in countries where they are appropriate because of local law or Citicorp staff preference."

Citibank acknowledged the existence of the manager's guide but said it had been prepared 10 years ago and was never issued.

With more than 60,000 em-

Continued on Back Page

Foreign Interest in Singer and Friedlands, Page 3

Arafat forces launch counter-attack on camp

BY PATRICK COCKBURN IN BEIRUT

PALESTINIAN forces loyal to the leadership of Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, yesterday launched a strong counter-attack to retake Beddawi refugee camp on the outskirts of Tripoli in northern Lebanon.

Mr Arafat claimed he had retaken Beddawi in the dawn assault but this was denied by the Syrian-backed rebel Palestinians who captured the camp this week.

As fighting raged around the Beddawi camp, Syrian and rebel artillery launched the heaviest bombardment yet of Tripoli, concentrating in particular on the quarter of the city where Mr Arafat has his headquarters.

The political credibility of the rebel PLO men suffered a serious blow yesterday when two of their leaders were forced to leave Nahr al Barid Palestinian refugee camp which they took nearly two weeks ago.

Mr Jihad Saleh and Mr Mahmoud Labadi, showing reporters from Damascus around Nahr al Barid, were attacked by thousands of Palestinians living in the camp who held up portraits of Mr Arafat.

"It started with some kids. Then old men and women came out, screaming real hatred," said a reporter. Two ambulances belonging to the rebels were burned.

Two weeks ago there was a pro-Arafat demonstration in the Yarmouk Palestinian refugee camp nar Damascus which was suppressed by the Syrian security forces. There have also been demonstrations in favour of Arafat's leadership in the occupied West Bank.

Ever since they launched their attack on Arafat at Tripoli the rebels in the PLO have given the impression of acting at the behest of Syria. The loyalist PLO men claim that in addition to Syrian artillery fire they are now facing attacks by regular Syrian infantry and showed off some prisoners in Tripoli yesterday to prove their point.

The shelling of Tripoli is now much heavier than at any time since the offensive against Arafat started on November 3.

More than 1,000 people have been killed by the fighting in Lebanon over the past week, 969 of whom died in the fighting in north Lebanon said the respected daily An Nahar yesterday, citing police officials. It said that 584 of those killed were Palestinians.

Beirut is meanwhile bracing itself for retaliation by Shiah extremists against the 2,100 French contingent to the multinational force following Thursday's raid near Baalbek in eastern Lebanon by French aircraft, from the carrier Clemenceau.

Reuter adds: Lebanon asked Western states for help yesterday in persuading Israel to relax its tight security system at the Awali bridge into southern Lebanon, said officials.

Under the system, introduced yesterday in response to constant guerrilla attacks on Israeli troops, Lebanese civilians need passes to take their cars into the Israeli-occupied south. Politicians have said the passes amount to visas and are a further step towards the partition of Lebanon.

France's trade near balance for third month

FRANCE'S foreign trade performance was close to balance in October for the third month in succession, underlining the effect of the Government's austerity policies in holding down imports and encouraging exports, David Marsh reports from Paris.

October registered a deficit of FFr 893m (£74.4m) on a seasonally-adjusted basis, against a surplus of FFr 323m in September and a deficit of FFr 389m in August, according to figures released yesterday by the Foreign Trade Ministry.

On a non-adjusted basic, September trade was in surplus to the tune of FFr 1.79bn.

Exports last month rose 3.6 per cent (seasonally adjusted) from September to FFr 64.28bn. Imports rose 5.6 per cent from the unusually depressed previous month to FFr 65.18m.

Moroccan premier

Morocco's King Hassan has named Mr Mohamed Karim Lamrani as caretaker Prime Minister to organise legislative elections and possibly a referendum in the disputed Sahara territory, officials said yesterday, AP reports from Rabat.

Mr Lamrani has been director of the state phospate monopoly for the past 16 years. In 1971 and 1972 he served as Finance Minister and Prime Minister.

Shell tank blazes

FIRE broke out for the second day running yesterday in an oil tank at the vast Shell Refinery in Singapore, Chris Sherwell reports from Singapore. Flames posed a threat to adjacent installations as emergency reinforcements from the mainland battled to help fire-fighting teams on Bukom Island, where the refinery is located.

Japan uranium plant

Japan will build its first uranium enrichment prototype plant by 1987, Science and Technology Agency officials said yesterday, AP reports from Tokyo. The plant will be constructed at a cost of $286m, 342 miles west of Tokyo and will be ready for operation in 1988.

Matsushita deal

Matsushita Electric Industrial Co has reached an out-of-court settlement with Energy Conversion Devices (ECD) of the U.S. over an optical disc patent dispute, an official of the Japanese company said, AP-DJ reports.

The companies have decided to work together in developing optical memory products.

China protest

China delivered a strong protest last night against a proposed U.S. Senate resolution, which the official Xinhua news agency said is aimed at permanently separating Taiwan from Peking.

The resolution says Taiwan's future "should be settled peacefully, free of coercion and in a manner acceptable to the people on Taiwan and consistent with the laws enacted by Congress and the communiques entered into between the U.S. and the People's Republic of China."

U.S. finds Russia's fresh offer on SS20s unacceptable

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE U.S. finds unacceptable the new informal Soviet offer to reduce its SS20s in Europe to 120 and drop direct counting of British and French missiles in the Geneva arms talks.

Mr Larry Speakes, the White House spokesman, said yesterday that the new Soviet plan was chiefly objectionable because it would still give the Soviet Union a sizeable monopoly of missiles in Europe. No agreement which legitimised this monopoly would be acceptable to the U.S., Mr Speakes said.

The plan was floated at an informal meeting between Mr Yuli Kvitsinsky, the Soviet chief negotiator, and his U.S. counterpart, Mr Paul Nitze, in Geneva last Sunday.

European officials appeared yesterday to agree with their U.S. colleagues in finding the new offer unsatisfactory. However, all seemed uncertain both as to its precise contents and its status.

"Fuzz and fog" surounded it, according to one official, while another said the manner in which the Soviets were putting forward the new ideas was "erratic and bizarre".

One suggestion last night was that Moscow might soon "go public" on the new plan but might attribute it to Mr Nitze.

The lack of clarity was most notable last night on the suggestion that Moscow was now prepared to drop its insistence on counting the independent British and French nuclear forces into the missile balance in Europe.

Moscow has insisted that no new U.S. cruise and Pershing missiles should be stationed in Europe because its own SS20s are already matched by the British and French systems.

Now the Soviets are apparently saying that the British and French forces should be subject to negotiation only in some future, unnamed arms control talks.

It is not clear whether this refers to the existing Start talks to limit strategic weapons, or whether some new negotiations are being considered, perhaps to take account of the modernisation of the British and French systems planned for the 1990s.

Western officials say, however, that even the principle of compensation for third forces is unacceptable.

Doubt on the status of the new plan centres on the manner in which it was conveyed to the U.S., since Moscow normally tables new proposals in the formal sessions. Apparently there was no tabling and no discussion of the ideas at the last session on Thursday.

Confirmation of the new Soviet offer comes at the end of an extraordinary week which began with the arrival of the first cruise missiles in Britain and will end this weekend with critical debates on the issue in the West German opposition SPD party and, on Monday, in the Bundestag.

Business resumes in Japanese parliament

By Jurek Martin in Tokyo

THE Japanese parliament yesterday returned to something approximating normal business for the first time in 38 days in what is widely seen as the legislative prelude to a general election on December 18.

The opposition's boycott of the Diet, maintained since the day before former Prime Minister Tanaka was convicted in the Lockheed bribery trial on October 12, began to fall apart on Thursday when the small centrist party, the New Liberal Club, joined the ruling Liberal Democratic Party in a Lower House session and passed a variety of Bills.

Yesterday, a full meeting of the Upper House of Councillors was convened to take up additional legislation, including the $1.2bn (£800m) tax reduction Bill, first presented by the Government last month.

One critical Bill passed by the Lower House was that reducing the official election campaign period from 20 to 15 days. Assuming it sails through the Upper House—it is not considered very controversial—the Diet will be dissolved in nine days' time and Prime Minister Nakasone will issue notification of a general election on December 3, paving the way for voting on December 18.

However, the remaining days of the parliamentary session could still be very stormy. Further opposition walk-outs are eminently possible over a variety of issues as parties stake out the election ground.

The only significant concession made by the LDP in the Tanaka affair is the proposed creation of parliamentary committees to supervise the question of political ethics. These could lead to the public disclosure of the personal assets of Diet members.

The opposition's satisfaction lies in the fact that it has got an early election, in which it hopes the Tanaka factor will work against the LDP. It therefore considers its boycott to have paid at least an interim dividend.

Turkey rules out bilateral talks on Cyprus

BY OUR FOREIGN STAFF

TURKEY appears to have ruled out the possibility of further bilateral talks with Britain to defuse the Cyprus crisis.

Mr Ilter Turkmen, Turkey's Foreign Minister, said in London yesterday that the problem was between the two communities on Cyprus. "It is they who should hold the talks."

Mr Turkmen was speaking after a tough 40 minute meeting with Sir Geoffrey Howe, the Foreign Secretary.

The talks between the two Ministers were described as a "frank exposition of the two sides' view."

Turkey had apparently been willing to enter into tripartite discussions over the Turkish Cypriot community's declaration of unilateral independence. However, Greece declined to participate.

Under the Treaty of Guarantee granting Cyprus independence in 1960 the three countries are called upon to enter discussions if there is a change in the status quo of the island. Britain has only now received replies from both Greece and Turkey for its original request for talks.

The focus of attention now shifts to the debate in the United Nations Security Council. Mr Turkmen is en route for New York and President Spyros Kyprianou of Cyprus and Mr Rauf Denktash, the leader of the Turkish Cypriot community are already there.

In New York, Security Council members worked at amending a British resolution against last Tuesday's Turkish Cypriot's UDI claim. The major amendment was understood to change the text so that it called not simply for the withdrawal of the declaration hnt also made the declaration legally invalid.

Mr Turkmen claimed once again that the Turkish Government had not been entirely happy about the UDI and did not know of it in advance. There were reservations, Mr Turkmen said, because it would make the UN initiative on inter-communal matters more difficult.

Once the decision had been made by the Turkish Cypriots, however the Turkish Government had no choice but to accept it.

● Mr Donald Rumsfeld, President Reagan's special envoy to the Middle East arrived in Ankara yesterday for urgent talks on the Cyprus crisis, Reuter reported.

Brazilian leader favours direct presidential election

BY ANDREW WHITLEY IN BRASILIA

DIRECT presidential elections in Brazil within the next 15 months, are now a strong possibility following the declaration by President Joao Figueiredo that he personally favours such a move.

The 65-year-old Army general is due to retire as President by March 1985. Under present rules his successor will be chosen by an electoral college, dominated by the officially created Partido Democratico Social (PDS), the ruling military's political vehicle.

The President's statement that the only obstacle to direct elections is resistance to the idea in the PDS, has hit Brazil as a political bombshell, electrifing the opposition and casting the initial party in gloom and disarray.

Senor Ulysses Guimaraes, the main opposition leader, praised the President for having "interpreted the almost unanimous voice of the nation." A recent opinion poll showed that more than three quarters of all Brazilians favour direct Presidential elections, completing the return to full democracy following last November's national elections.

Poland's bishops call for economic, political changes

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S BISHOPS have called for economic and political changes and reminded the authorities that projected price rises alone will not resolve the country's problems. Their call came as the party central committee met yesterday to discuss the state of the economy.

The language of the communiqué, issued after a bishops' meeting here, is temperate, but mention of these issues shows that the church leadership is losing hope that recent discreet contacts with the authorities will suffice to induce reformist policies.

The bishops have also called for normal economic and cultural relations with "all countries"—an implicit criticism of remaining Western sanctions on Poland.

In their communiqué, the bishops also suggest that the political climate would improve if the authorities were to drop political trials against four human rights dissidents and seven leaders of Solidarity.

Another attempt "to find a way of freeing those sentenced for political offences" should also be made, the bishops urge.

Hong Kong to remain capitalist, says China

BY MARK BAKER IN PEKING

CHINA NOW seems willing to set aside socialist principles in its quest to maintain the prosperity of Hong Kong after Britain leaves.

Remarks this week by two leading Chinese officials have given a clearer picture of Peking's proposals for running the territory after 1997—and the mainland's politics and people have almost no part of it.

Mr J. Pengfui, head of the Office of Hong Kong Affairs, has gone so far as to promise that Communist officials will not be sent to Hong Kong because they couldn't be trusted to restrain their socialist ways.

"If cardres were sent from the interior they might be ideologically bound by socialism and socialism might be practised; therefore Hong Kong should be administered by Hong Kong residents," Mr Ji told a delegation visiting Peking from the colony's New Territories.

Professor Qian Junrui, a senior Chinese economist, has said Hong Kong residents will be allowed to elect their own leaders, and the tone of his remarks was that the elections would be more democratic than the rubber-stamping of back-room nominations which passes for elections on the mainland.

Comments by both men show that, if Peking's promises are to be trusted, the Chinese are determined to preserve Hong Kong as an independent capitalist enclave within the People's Republic.

Mr Ji said China had promised to guarantee the continuing administrative and economic autonomy of the territory in a special annexe to the constitution, and that China's broad principle was "Hong Kong people ruling Hong Kong." As a special administrative region, it would have its own law and the people would be consulted before this law was enacted by China's National People's Congress.

The soothing reassurances by Mr Ji and Professor Qian, an advisor to the ruling State Council, contrast sharply with the threats and ultimatums made by China before the fifth round of Sino-British talks on Hong Kong last month.

Hawke attempts to heal rift with Asean countries

BY COLIN CHAPMAN IN SYDNEY AND CHRIS SHERWELL IN SINGAPORE

MR BOB HAWKE, Australia's Prime Minister, faced his toughest foreign policy test since coming to office in March when he starts a visit to Bangkok today on his way to the Commonwealth heads of government meeting in New Delhi.

The rift which has opened up between Australia and the five countries of the Association of South East Asian Nations (Asean) over Vietnam and Kampuchea threatens to spill over into other issues.

Travelling with Mr Hawke is Mr Bill Hayden, his Foreign Minister, whose pronouncements have upset Asean. He will go on to Indonesia, an important neighbour.

Mr Hawke will meanwhile hold talks in New Delhi with Mr Lee Kuan Yew, Singapore's Prime Minister, whose own foreign minister has been similarly outspoken.

Trade and defence links are not yet affected. But some of the five Asean members—Thailand, Malaysia, Singapore, Indonesia and the Philippines—are now asking fundamental questions about Australia's commitment to the security of the region.

The row broke soon after the Labor Party scored its remarkable victory in the Australian general election earlier this year. Labor Party policy demanded a resumption of the humanitarian aid to Vietnam, stopped by the previous government.

When the new Government quickly sought to encourage talks between Asean and Vietnam over Kampuchea, the Five's suspicions were reinforced. Asean's view is that an economically weakened Vietnam will ultimately be forced to pull out its 180,000 troops from Kampuchea, and that this process should be helped by a refusal of aid.

W. Germany plans law to allow retirement at 59

BY RUPERT CORNWELL IN BONN

THE WEST German Government plans shortly to bring a new draft bill before Parliament, which would allow early voluntary retirement for workers at the age of 59. Currently the normal pensionable age in the Federal Republic is 63, or 61 in the case of handicapped employees.

The proposed legislation, announced here yesterday by Herr Norbert Blum, the Labour Minister, would run for five years from 1984. It makes clear that the scheme is not compulsory, but to be decided at the common consent of company and worker.

Broadly, the early pension would be chiefly paid by the employer. The recipient would be liable for income tax on it, as well as obligatory social security and welfare contributions.

However, the state is prepared to meet up to 40 per cent of the costs that would otherwise fall on the employer, if the latter takes on an unemployed worker or a job-seeking school leaver in place of the worker who has opted to take earlier retirement.

Officials yesterday stressed that the exact cost of the scheme to the Government would depend on the extent to which the provisions were actually used.

The Government is hoping that the scheme might help make a small dent in unemployment here, which at present stands at over 2m, and above all that it might deflect the demands of leading unions here for a 35-hour week.

U.S. television viewers switch on to controversy

Prime time nuclear shock

BY PAUL TAYLOR IN NEW YORK

U.S. VIEWERS who switch on the television set and tune into ABC, one of the three major U.S. television networks, tomorrow evening during prime viewing time are in for a shock.

Instead of tha usual film reruns, soap operas and TV series, they will be offered a horrifying picture of what life—or the lack of it—might be like after a global nuclear war.

Even before its television debut at 8 pm Eastern Standard Time, the film, called "The Day After" has sparked a fierce political controversy.

It has also caused sharp divisions among educators, been taken up as a rallying cry by the U.S. anti-nuclear lobby, has been shunned by the Reagan Administration, and received a luke-warm response from advertisers.

In the U.S. news magazines, pages of editorial space have been devoted over the last couple of months to the film and the issues it raises.

The potential power of the film is reflected in an advisory message which will precede its broadcast. The message reads: "Although based on scientific fact, this film is fiction. Because the graphic depiction of the effects of a nuclear war may not be suitable for younger viewers, parental discretion is advised."

A viewer's guide to the programme advises that families "watch the television programme together and that children not watch it alone."

What is perhaps most startling about The Day After—which focuses on the effects of a nuclear attack on the Mid-Western farming communities around Kansas City—is that it should have managed to be made at all.

U.S. television networks have

> Prime-time viewers 'will be offered a horrifying picture of what life—or the lack of it—might be like after a global nuclear war'

a reputation for avoiding films which provoke political controversy, as in the case of The Day After, which might leave their viewers emotionally drained.

The film was originally conceived by Brandon Stoddard, president of ABC Motion Pictures. As he tells it, the idea came after he saw the China Syndrome, a film about a nuclear power station meltdown made after the Three Mile Island incident in 1979.

He wondered: What if something even worse happened? What would happen to an average U.S. community in the event of an all-out nuclear attack?

In making the film, ABC was at pains to avoid allocating blame for the fictional start of the nuclear war. In the few days before the holocaust, viewers are treated to a series of cameo sketches of life in the community around Kansas City as news reports talk of a build-up of tension in Europe.

After a blockade of West Berlin, the residents of Kansas City hear that three nuclear weapons have been exploded over advancing Soviet troops as war ravages Europe.

The confrontation escalates into global nuclear war in which Kansas City is a prime target. The final result is a breathtaking film which cost $7m to make.

The film has inevitably been lauded by pressure groups who favour a nuclear freeze. Congressman Edward Markey, co-sponsor of a House freeze resolution, who saw an early preview, has called it "the most important television programme ever because it is the most important issue ever."

Anti-nuclear groups have been showing pirated copies across the U.S. and plan a series of seminars in 100 cities to follow the showing.

The film has also met with heated criticism from those who believe in nuclear weapons as part of a defence strategy. The Federal Emergency Management Agency says of the film: "It does not have our blessing, we have not endorsed it in any way."

In New York City, education chiefs have sent a lengthy memo to schools advising teachers how to deal with questions raised by the film which it describes as "devastating."

For ABC, the film is a major gamble. Initially, the network admits that advertisers were reluctant to sponsor the programme. Now ABC says the 30-second advertising slots are "almost al taken." However, advertising industry executives suggest that this has only been achieved by slashing advertising rates.

But the network hopes the pre-publicity for the film will ensure a much-needed audience surge at the start of a crucial agency rating week.

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Pym urges the West to review crisis management

BY PETER RIDDELL, POLITICAL EDITOR

THE MECHANISMS for crisis management within the Western Alliance should be reviewed in the light of the Grenada affair and other recent eveots, Mr Francis Pym, the former Foreign Secretary argued yesterday.

In a major speech on U.S.-European relations to the Atlantic Institute in New York, Mr Pym said that while agreement would not always be possible, members of the Alliance should at least ensure that the others know the course of action they intend to pursue and try to evolve joint reactions, at least on the political and economic level.

Mr Pym argued that the development of a more united Europe might lead to a greater European assertiveness within the Alliance from time to time, but this was only to be expected and welcomed.

His theme was to try to play down the seriousness of the divergences which had occasionally arisen within the Alliance.

"We should not let a disagreement about the advisability of American action in Grenada undermine any part of our wider political relationship. You may feel indignant about the lack of British support for the invasion but, equally, Britain feels aggrieved by the lack of consultation with your allies, which preceded the action," he said.

Mr Pym noted that perspectives could not always be identical, though there was a common interest in Nato.

He also reviewed the various economic disputes between the U.S. and the EEC—agriculture, steel, unitary taxation, extra-territoriality, and interest rates. On each point, he warned his American audience that U.S. actions might have an adverse impact on Europe and he urged that protectionism should continue to be held at bay.

On Lebanon, he felt sure the U.S. Government, in exercising its undoubted right to self-defence, would wield its formidable power with as much restraint as possible.

Labour Party setting up special unit to help in by-elections

BY OUR POLITICAL EDITOR

THE LABOUR PARTY is to set up a special by-election unit to provide greater professional expertise in parliamentary elections.

Labour organisation in by-elections has often been weak in the past, depending on the quality of its regional office. Responsibility will now be national and staff at party headquarters in the Walworth Road will be on permanant stand-by. This will involve people working in the agents, research and press departments.

The move follows the successful system adopted by the Liberal Party in a number of by-electioos over the years. Mr Andrew Ellis, one of its vice-cbairmen, has built up a considerable reputation as the specialist in each by-election where a Liberal candidate stands.

Mr Robin Cook, Labour's spokesman on Europe, said yesterday that the party had establisbed a aeven-man unit at Walworth Road to work on the campaign for next June's European Assembly elections. The party will have nearly £600,000 allocated by the EEC to spend.

Mr Cook said Labour's target was to win a convincing second place behind the Tories in respect of its share of the popular vote in the elections.

He said the party was confident of winning 21 seats out of 78 and claimed that a further nine seats could be won with a swing to Labour aince June of 5 per cent, with a further six seats if there was a 7½ per cent swing.

Labour had commissioned detailed market research from the Market and Opinion Research International group, he disclosed. This had revealed low awareness among the public about the elections, which the party's campaign aimed to combat.

He also said research had shown that only a low proportion of the public thought the Alliance atood up for Britain on European issues. It is clear that Labour will be mainly concerned with pushing the Alliance back into third place to provide a sound basis for its electoral recovery.

Foreign buyers interested in Singer & Friedlander

BY DAVID LASCELLES

STRONG FOREIGN buying interest has emerged for Singer & Frlendlander, the merchant bank offered for sale by European Ferries.

Potential hidders from North America, Europe and Japan are believed to have indicated their interest to S G Warburg, which is handling the sale. Others, including one of the largest banks in the U.S., confirmed yesterday that they were looking at the deal.

A deal, however, is still several weeks away. The announcement of the proposed sale was precipitated by rumours in the London markets, before Warburg was able to assemble a full information kit on Singer & Friendlander.

Tbe kit will not be ready for at least a fortnight, says Warburg.

The sale of Singer, which has a net worth of £37m, is an infrequent opportunity for someone to buy a member of the Accepting Houses Committee — which confers prestige though few trading advantages.

Only British-controlled accepting houses may belong to the club, so if Singer was bought by a foreigner it would be asked to leave. The new owner could, bowever, challenge City "chauvinism", as Citibank of New York did with its application to join the equally exclusive Committee of London Clearing Bankers.

Two of the latest deals on accepting houses bave involved foreign companies. Hongkong and Shanghai Bank bought Antony Gibbs, and Aetna, the large U.S. insurance company, bought a 40 per cent interest in Samuel Montagu. Antony Gibbs left the committee; Montagu was allowed to stay because Aetna had a minority interest.

Riggs National Bank of Washington is also buying AP Bank from Norwich Union.

Speculation has focused on big New York banks like Chase Manhattan, the large Japanese securities houses or one of the emerging U.S. financial conglomerates as possible Singer buyers. But Singer is not considered a top drawer bank and it may best suit a buyer seeking an entry to London rather than one with an established presence.

As for UK candidates, some of the more aggressive financial service companies like Mercantile House and Exco say they are not interested.

Citibank applies to join London Clearing House

BY DAVID LASCELLES

CITIBANK of New York has applied for membership of the London Clearing House, the organisation owned by the large UK banks that clears cheques in the banking system. If accepted, it would be the first foreign bank to join the ranks of the British clearing banks.

Indications are that it will succeed. Citibank meets the necessary qualifications, and the UK banks are sensitive to suggestions that they run an exclusive cartel.

The move had been expected since Citibank was earlier this year refused membership of the Committee of London Clearing Bankers, the exclusive club of top UK banks. Citibank, it was felt, did not have the right qualifications. It was hinted that Citibank should apply for Clearing House membership.

Citibank is applying for "functional" membership, which would put it on a par with banks like the Co-op Bank and the Trustee Savings Banks, enabling it to clear its business directly, without having to go through aoother UK bank.

This would not only save it clearing charges but would also give it access to Clearing House committees that decide on the organisation and technology of the clearing system.

Citibank has limited its application to "town clearing" which covers transactions in the City of London rather than general clearing countrywide.

To qualify, Citibank must show it has a branch network in the UK (it has more than 40, including its savings bank) and that it accounts for at least 1 per cent of clearing volume.

MacGregor to review £1bn coal board procurements

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR IAN MacGREGOR, chairman of the National Coal Board, has promised to review the £1bn procurements of the state-owned industry to see if more work could be farmed out to small businesses.

His statement came at the start of a conference to examine whether smaller businesses could take, or be given, a greater role in the economy.

Mr MacGregor said that there was no climate of understanding for the role of small businesses in Britain. The coal board would review spending, "to encourage somebody else to try. We've got to look to see if we are set in our ways," he said of coal board policies for buying in goods and services.

The spending policies of nationalised industries and large corporations are expected to come under increasing scrutiny as the result of a growing movement to find ways to ensure that a proportion of contracts go to small business.

Mr MacGregor was speaking at a dinner on Thursday night to open the conference in the European year of small and medium-sized enterprise.

Tories accused of secret moves on disabled Bill

By Kevin Brown

THE GOVERNMENT was accused in the Commons yesterday of organising a secret campaign against a private members' Bill outlawing discrimination against the disabled.

There was uproar as Mr Robert Wareing, Labour MP for Liverpool West Derby, lost a motion seeking a vote on the principle of the Bill. Only four Tories supported him.

Mr Tony Newton, Under-Secretary at the Department of Health, said the Bill was unworkable because it failed to define disablement or discrimination. The Government was also concerned at the cost, estimated to be at least £33m.

Mr Alf Morris, former Labour Minister for the Disabled, said the huge turnout of Conservative MPs was "the biggest coincidence since time began."

Mr Neil Kinnock, the Opposition leader demanded a statement from Mr John Biffen, Leader of the House, who had promised a free vote.

Angry opposition MPs underlined their disgust with the Government with the traditional shouts of "object" to all remaining business. As a result, several private members Bills including the one to televise parliament, lost almost all chance of becoming law.

STC will reduce Ulster workforce

THE WORKFORCE of the Standard Telephones and Cables factory in Monkstown, Northern Ireland, will be cut by 375 by the end of next year as STC phases out electro-mechanical telephone exchanges made there. The company employs 2,000 at the factory.

Meanwhile, the Industrial Development Board for Northern Ireland confirmed it was in negotiation with Ajax Industries of California about a new factory to manufacture hinges and handles in West Belfast, providing 200 jobs.

New Severn crossing study urged

A MOVE to press the Government for a feasibility study on a second Severn crossing was launched by the CBI in Wales yesterday. The group announced plans for a conference in Cardiff on November 28 to discuss the Severn Bridge superstructure problems and draw up an approach to the Government.

Benn to appear at Sizewell inquiry

EVIDENCE WILL be given to the Sizewell B inquiry by Mr Tony Benn, the former Energy Secretary. He will appear as a witness for the National Union of Mineworkers against the development. Mr Arthur Scargill, the union president, is also expected to address the inquiry next month.

Mixed reception for easing of ban on solicitors' advertising

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE DECISION by the Law Society's ruling council to beod before pressure within and outside the profession to allow limited advertising by solicitors' firms has bad a mixed reception.

It was welcomed by Sir Gordon Borrie, Director-General of Fair Trading, who on Monday had renewed his criticism of the Law Society for oot responding to its members' views on the matter.

From the British Legal Association came a tart comment about solicitors being encouraged "to adopt the mores of the market place."

The Legal Action group described it as "a paltry concession." It said: "We are very pleased, but feel it is extraordinary that the Law Society has taken so long and finally cooceded so little, under extreme pressure."

Mr David Tench, legal adviser to the Consumers Association, said it was "a great advance" but added: "There's still a loog way to go."

The type of advertising that the 70-strong Law Society council decided on Thursday by a large majority to allow is heavily circumscribed.

● Firms will be allowed to advertise only in local newspapers. Advertisements in national papers or on radio or television will still not be permitted.

● Advertisements cannot be bigger than 6 sq in and can appear only once a week.

● They will be restricted to stating the kind of work the firm undertakes.

● Solicitors will not be permitted to advertise their charges.

● If domestic conveyancing is being advertised, the advertisement must state that a written estimate will be given.

● All advertising will be strictly controlled by the society's professional purposes committee.

Mr Stanley Best, chairman of the British Legal Association and a long-time critic of the Law Society, said yesterday that if the profession were to accept the liceoce now offered by the society—"which appears to stand in fear and trembling of governments and of the Director-Geoeral of Fair Trading"—a further decline in the staodards of professional practice could not be far behind.

He said those doing legal aid work at what had beeo described as "the grotty end of the market" had enough overheads to cope with and already found it hard eoough to make a living on absurdly low legal aid fees without incurring further expense on advertising.

Mr Tench regretted the restrictioos still imposed but thought they would eventually be redoced so that solicitors would be free to advertise as they wished.

Pressure on the Law Society, the profession's governing body, to allow firms to advertise had been steadily increasing, particolarly in the past year. It was fuelled by solicitors' concern about the effect on them of proposals to eod their monopoly on cooveyancing, on which many smaller firms rely for a large part of their income.

A change in the Law Society's attitude was indicated at its anoual conference in Paris last month, when Mr Christopber Hewetson, its president, spoke of the "freshening winds of competition" affecting the professioo and the need to ensure that the services it offered were made known to the people who required them.

CEGB and contractor fined over asbestos

FINES TOTALLING £1,200 were imposed on the Central Electricity Generating Board and a contractor yesterday when a court beard that four men worked in asbestos levels of at least 50 times more than the legal limit.

The board was fined £800 for contravening the Health and Safety at Work Act by commissioning an offence by the contractor and not providing protective breathing equipment for the men at Rugeley B power station, Staffs. Tbe board admitted the charges.

The four meo were employed by Joseph Nadin Contracting of Manchester, whicb admitted not providing the equipment. The company was fined £400 by Rugeley magistrates.

Last June the men ripped out a 4 in thick layer of lagging over a boiler during an overbaul at the power station. The building was thougbt asbestos-free but after seven hours' work one of tbe men asked for tests on the lagging. It contained brown and white asbestos, said Mr Philip Smith, a Factory Inspector, prosecuting for the Health and Safety Executive.

He said levels were between 50 and 200 times above legal limits and that it would be 10 to 15 years before it was known if the men's bealth would be affected.

Mr Geoffrey Clough, for the board, said management had believed Rugeley B completely asbestos-free. The station had a remarkable safety record.

Mr John Henthorn, for the company, said it was ooe of the main insulating contractors in the country. There was no way it could have known of the existence of asbestos in the lagging.

Tbe board and company were ordered to pay £50 costs each. The magistrates' chairman said both had shown degrees of negligence. Mr Clough later said the board could not offer compeosation to the meo until it was known if they would suffer ill effects.

Yorkshire TV becomes small claims court

A TELEVISION station has officially become a court, it was disclosed yesterday—and the proceedings will be televised next year.

Leeds-based Yorkshire Television is now a small claims court registered under the Arbitration Act, able to decide civil disputes involving claims up to £500.

People involved in wrangles with neighbours or attempts to get refunds from shopkeepers will be filmed. The ruling of the arbitrator—probably a retired judge or senior barrister—will be legally binding.

Involved parties will be paid a £100 appearance fee, and Yorkshire has agreed to pay any settlement.

Filming of People's Court is set to start in February for screening on Channel Four in the spring.

Mr Jerry Pearlman of the Law Society said: "Our reactioo is one of interest. We believe it could be in the public interest, entertaining and possibly educational in the sense it will show the resolution of disputes."

● Woolworth's is to complain to the Lord Chancellor about a Crown Court Recorder's criticism of the company for prosecuting a 77-year-old widow for shoplifting, Mr John Beckett, executive chairman, said yesterday.

He accused the Recorder, Mr Simon Goldstein, of "orchestrating" the occasion at Wood Green Crown Court, north London, to draw attention to the case. He said he thought Woolworth's would prosecute again in a similar case. To fix ao age limit would create a "charter to steal," he said.

Rank Organisation managing director quits

BY CHARLES BATCHELOR

MR BRIAN SMITH, maoaging director of Rank Organisation, the hard-pressed office equipment, leisure and industrial holding group, is to resign in the latest of the series of boardroom changes.

Rank announced yesterday that Mr Smith, 55, will leave on November 30 after 15 years with the company but only 20 months as managing director. His post became redundant when Mr Michael Gifford became group chief executive on September 1.

Mr Gifford, 47, joined Rank from Cadbury Schweppes, where he was finance director. He said yesterday: "It does not make sense from a management point of view to have both a managing director and a chief executive. I don't suppose Mr Smith is overly delighted"

Rank, under pressure from institutional investors disappointed at its lack-lustre performance, has made several top management changes in recent months.

Two of the company's non-executive directors, Sir Reay Geddes and Sir Richard Trehane, reach retirement age next year but Mr Gifford said no other changes were planned. Two new non-executive directors are expected to be appointed.

Mr Gifford said it had not been an automatic assumption that Mr Smith would leave after his appointment but this was how things had turned out.

Rank reported a further fall in profits in the first half of 1983 to £36.3m but the drop was marginal and some analysts expect a slight recovery in the full-year figure. Last year's profits fell from £102.8m to £61.5m.

Rank's shares rose 4p yesterday to 194p.

Post Office engineers stay out as talks fail

By Phillip Bassett, Labour Correspondent

LEADERS of the Post Office Engineering Unioo yesterday reversed an instruction to about 1,000 striking telephooe engineers to return to work. The decision renews the prospect of British Telecom dismissing or taking legal action against some of the strikers.

Instead of about half the striking engineers returning to work on Monday, action will be maintained by all 2,480 either suspended for refusiog to work normally, or on strike as part of the union's campaign against the Government's plans to privatise BT.

Instructions cancelling the return to work followed the failure of talks with BT management late on Thursday night to provide what the union saw as satisfactory assurances on the return.

Neither side yesterday would give details. BT said that the negotiations were continuing.

It is understood, however, that the main difficulty is the dismissal threat outstanding against 57 engineers for refusing to work normally.

Union negotiators are understood to have been pressing for these threats of dismissal to be lifted. BT management is believed to have refused to do so, insisting that the dismissals would merely be suspended.

POEU leaders may have felt unsure of their ground, partly because of the strong opposition to any return to work expressed earlier that day between London branch officials of the POEU and the unioo's industrial action strategy committee.

Furthermore, the executive meeting on Wednesday which decided to send the strikers back was divided. A motion was before the executive maintaining the action in the London international exchanges only, implying a return to work by the other strikers.

It is understood that an amendment to extend this to all the Londoo action was defeated 12-10, and then the division healed by the original motion being unanimously approved.

If a further meeting between BT and the union fails to reach agreemeot on a return to work, BT may well enact the threats of dismissal, or its warning to the union that it may seek a High Court injunction to halt the industrial actioo completely.

BT continued its policy of bussing staff to work yesterday, moving about 560 engineers

● The Government is expected on Monday to introduce in Parliament a guillotine motion to speed the progress of the bill to privatise BT. The committee stage of the bill was expected to last until Christmas, but it was being suggested yesterday that December 1 may now be the deadline.

Kodak workers black movie film from UK

By David Brindle

UNION LEADERS representing Kodak workers in France, Belgium and the Irish Republic yesterday pledged not to handle movie film sent from the United Kingdom for processing.

The undertaking, in anticipation of alleged cutback moves by the multi-national company, is the first joint action threatened by the European standing confereoce of Kodak unions.

The unions held their second international conference yesterday in London, following a meeting earlier this year in France. The conference was sponsored jointly by the Greater London Council and by the local authority of Val de Marne, near Paris, where Kodak Pathe is plaoning to run down a factory.

Joint strategies are being pursued because the unions believe that parent company Eastman Kodak is following a policy of concentrating productioo in the U.S.

Kodak, which employs about 8,000 workers in the UK aod 22,000 in Europe as a whole, this week announced it would no longer process colour photographs at its laboratories at Hemel Hempstead, Herts. It also said it was considering sending some movie film for processing abroad.

Mrs Brenda Martin, Transport and General Workers' Union convener at Hemel, said after yesterday's conference: "We asked for—and received—full support from our European colleagues. They will not do this work."

Kodak said last night that although it had been re-structuring for some years to improve productivity, there was no question of abandoning production in Europe.

Len Murray leads anti-cruise delegation

TRADE UNION leaders yesterday met Sir Geoffrey Howe, the Foreigo Secretary, to express their opposition to the deployment of cruise missiles in Britain.

Tbe delegation, headed by Mr Len Murray, TUC general secretary, said that the entire Western European trade union movement was opposed to the statiooing of cruise and Pershing missiles in Europe.

Print union warns of Fleet St action

BY DAVID GOODHART, LABOUR STAFF

THE print union the National Graphical Association yesterday warned that iodustrial action could spread to Fleet Street if its funds are sequestrated by the courts.

Mr Joe Wade, NGA general secretary, confirmed that the unioo would be highly unlikely to pay the £50,000 fine for contempt it received on Thursday from a court in Manchester—in which case sequestration would be the next step.

The NGA Council will be meeting on Tuesday to decide whether to pay. Mr Wade said: "My advice is going to be that we should stick by our conference decision and not pay fines arising from the 1980 and 1982 Employment Acts. My impression is that the Council will stand by cooference decisions.

"If my council does decide to continue the dispute it is inevitable that it will spread into a number of different areas of the printing industry and that could mean Fleet Street."

At an informal meeting yesterday with Mr Len Murray, TUC general secretary, NGA officials provided details of the closed shop dispute with Messenger Group Newspapers which sparked off the legal action.

The NGA is calling for support from the TUC under principle five of the 1982 Wembley Conference programme for fighting the Government's employment legislation. It says the general council ... empowered to co-ordin... iodustrial action and provi... financial assistance for a union facing legal action.

But the TUC is not obliged ... provide support and it see... unlikely that Congress Ho... would want to get embroiled ... an uopopular closed shop d... pute, especially on behalf o... highly independeot union l... the NGA which earlier t... year ignored TUC rulir... during the Fioancial Tim... dispute.

The TUC employmeot co... mittee, which meets ... emergency session on Mond... advised the NGA against m... secondary picketing of ... Messenger Warrington pl... last month. There were s... about 30 pickets outside ... plant yesterday, emphasis... the NGA's determination ... continue the dispute ... defiance of both an injunct... and the contempt fioe.

The NGA has assets of m... than £10m and will not n... financial support to continu... campaign of industrial acti... but if its funds are seized, T... support will become essent... That is likely to be decided ... next Wednesday's TUC Gene... Council.

Meanwhile an attempt ... resolve the original dispute ... he made at the conciliat... service, Acas, on Sunday. ... even if that meeting ends ... dispute the fine will still sta...

Shell peace hopes dashed as drivers demand talks

BY BRIAN GROOM, LABOUR STAFF

SHELL UK's hopes of a rapid end to its pay dispute received a setback last night when about 50 oil tanker drivers' shop stewards arrived on the company's doorstep demanding further talks.

This came as a surprise to Shell executives who were under the impressioo that negotiators from the Transport and General Workers Uoion had agreed on Thursday to recommend a sligbtly improved pay offer.

The offer comprised mainly a 4.5 per cent increase in basic rates, aod consolidations into basic pay of £2.50 a week of existing pay supplements. The company had also agreed to continue paying an allowance for safe driving, worth an average of £8.00 a year.

The impression that the TGWU negotiators would urge acceptaoce was also shared by many stewards arouod the oil industry, but at 8.30 a.m. yesterday, Mr Jack Ashwell, commercial road transport secretary of the TGWU, arrived at Shell's London headquarters to say this was not the case.

He also said he had arrived for fresh negotiating meeti... The company said none ... arranged.

Mr Ashwell consulted w... shop stewards at a national ... ference later in the day and ... turned to Shell in the even... accompanied by all the ... wards. A meeting duly beg...

Meanwhile it was disclo... that BP's 1,550 drivers and ... tribution workers had votec... accept 4.5 per cent plus ... solidation of £2.50 by oearly ... in ballots

If a solution is found to ... Shell dispute the 1,750 driv... and depot workers will call ... their five day overtime ban ... work to rule.

This would put pressure ... refinery workers in dispute ... more than four weeks ove... similar 4.5 per cent offer ... Shell to return to work. S... stewards from the Shell refi... who were present at the uni... Transport House headquar... yesterday drew comfort f... the fact that the driv... stewards had not gone ... immediate acceptance.

Few firm explanations ... the union's apparent chang... heart were available.

Journalists ordered to call off Dimbleby strike

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Natiooal Union of Journalists was yesterday ordered by the High Court to call off its strike against the newspaper group owned by television presenter Mr David Dimbleby.

Dimbleby Newspapers was granted a temporary injunction outlawing the strike by journalists on the Richmond and Twickenham Times Group.

The judge, Sir Neil Lawson, suspended the order for five days pending an appeal by the uoion. Subject to the outcome of the appeal, the order will remaio in force until full trial of Dimbleby's damages action against the NUJ.

The strike was called when Dimbleby switched the printing of its papers to the non-union Nottingham company, TBF Printers.

The NUJ said its action was legal because of TBF Printer's association with T. Bailey Forman, of Nottingham, with which the union has had a legitimate trade dispute since T. Bailey Forman refused to reinstate journalists after the 1979 provincial newspapers strike.

Last week the judge gave the NUJ more time to prove a link between the two Nottingham companies, saying that there appeared to be a genuine trade dispute with TBF.

Yesterday, however, he ... that, although the two ... controlled by the same ... person and had the same ... phone number, pre... address and managing dire... they were "separate l... entities."

TBF Printers was there... not a party to the NUJ's disp... with T. Bailey Forman, wh... meant that the union ... engaged in secondary indus... action not covered by ... immunity from legal sanc... given by the 1980 Employm... Act.

Dimbleby was entitled to ... interim injunction because ... would not be adequately c... pensated by damages if ... eventually won its action.

The judge added that ... indications were that ... injunction would not ach... Dimbleby's object of getting ... journalists to permit their w... to be handled by TBF. ... doubted if withdrawal of ... strike benefits would persu... the strikers to relent.

Mr Dimbleby said that ... was pleased to have got ... injunction.

Mr Bob Norris, assis... general secretary of the N... denied that the uoion ... threatened to take away ... journalists' union cards.

Civil servants drop youth training opposition

BY DAVID BRINDLE, LABOUR STAFF

THE SOCIETY of Civil and Public Servants has dropped its opposition to terms for the Youth Training Scheme, clearing the way for the creation of 4,000 places in government departments.

The executive of the 100,000-strong SCPS—the ooly civil service union still holding out agaiost the scheme—voted 11-7 to agree to the sixth and latest draft framework proposals.

The Council of Civil Service Unions, the unions' umbrella body, will now notify the Government that arrangements for the scheme can proceed. Although the largest union, the Civil and Public Services Association, voted at conferenc... oppose the scheme, its ex... tive has said it will fall in ... if the other eight uoions do...

The SCPS had sought ... provements in the framew... for the training scheme and ... majority of its executive ... that sufficient progress ... been made.

The framework now incl... an undertaking that ... Government will consider ... for additional staff to super... trainees, a guarantee ... trainees will not be used ... place of regular staff, and ... vides for negotiation, consu... tion and for monitoring of ... scheme at local level.

Chancellor angers both businesses and unions

.USINESSMEN and trade .nions were united in their dis-.ppointment over the Chancel-.r's autumn statement.

Mr William Goldsmith, direc-.or general of the Institute of Directors—and generally one of .he Government's staunchest .upporters—was one of the .trongest critics.

Mr Goldsmith was upset by .he Chancellor's suggestion that .axation might have to rise in .he spring Budget to keep to .he public sector borrowing re-.uirement target of £8bn for .985-86. He said the Govern-.ent was failing to deliver the .oods and its credibility as a tax-.utting administration was at .n all-time low.

"Tax-cutting rhetoric in Par-.iament and in the press is no .ubstitute for a planned and .ustained programme of tax cuts .ade possible by real econo-.ies in public spending."

The Government was strain-.ng the loyalty of businessmen .ho time and again had asked .or tax cuts on business and its .ustomers. "All we hear are .onstant restatements of mani-.esto commitments when in .eality the tax burden is being increased through the back door," Mr Goldsmith said.

Sir Terence Beckett, director general of the Confederation of British Industry, said the new higher limit for national insurance contributions would raise business costs by £90m next year. "That is bad news."

Sir Terence and Mr Goldsmith both praised the Government's determination to aim for low inflation, but they said the Chancellor must do more to help business.

"Business is making tremendous efforts, but the Chancellor must do everything possible to lower interest rates and press on to reduce business costs in his first Budget," Sir Terence said.

Mr Len Murray complained that the Chancellor's optimism on growth was profoundly misplaced. "Whistling in the dark is no substitute for action," he said.

The increase in National Insurance rates to pay the cost of unemployment benefits was a direct result of the Government's failure to cut the dole queues, Mr Murray said.

The "so-called recovery" was no more than a short term boost to consumption which showed no sign of generating any lasting growth.

Recent assessments of the prospects for manufacturing and construction all showed that the claimed recovery would run out of steam in 1984, ha added.

Mr Bruce Chivers, president of the National Federation of Building Trades Employers, criticised the Government's £500m cut in housing capital spending.

"There can be no jusification for housing cuts. A 10 per cent increase in local authority funding was needed this year just to cover current demand for home improvement grants alone."

However, he also criticised local authorities who persistently underspent their capital allocations. "Unless authorities spend to the hilt they will be in no position to press for extra funds in the future. The penalty for failure will be accelerating deterioration of the housing stock and a further loss of jobs in the hard-pressed building industry," he said.

Offshore tax funds hit harder than expected

By Clive Wolman

THE GOVERNMENT announced on Thursday night proposals which were more stringent than expected to stop the use of offshore tax avoidance schemes.

The target was not only offshore roll-up funds designed to convert investment into lightly taxed capital gains, but also offshore insurance companies.

The Inland Revenue has long wished to remove the tax advantages of buying life policies in such companies (although the tax loss to date has been small), and felt that now was an opportune moment. It feared that money withdrawn from the roll-up funds would be reinvested in offshore life policies.

Victims of the change will be those who take out life policies while working abroad temporarily. Another unintended victim will be the investor using an offshore company for a wider range of investments.

The roll-up funds highlight a fundamental difficulty for the taxman—that of distinguishing investment income from capital gains.

Capital gains are meant to represent risky and unpredictable returns from investment while income, typically in the form of interest, is secure and stable and therefore taxed more heavily. Returns from the cash roll-up funds are as predictable as the interest from a bank accounts, and the legislation will focus on this.

The new tax regime will apply where the investor in an offshore fund has a "reasonable expectation" of being able to cash in his investment at a value "substantially equivalent" to his share of the fund's net assets.

Instead of producing an objective definition of a fund, the wording latches on to what the "reasonable" taxpayer would expect when investing. If such a formula were used widely, it could represent a threat to many tax avoidance schemes because it demands examination why the taxpayer is engaging in such a scheme. If the probable motive is tax avoidance, the scheme could be stopped.

One way in which the funds could avoid the legislation is by injecting a little uncertainty into returns. At present, they all guarantee to let the investor cash in his shareholding at net asset value, as with a unit trust.

A fund could convert itself into a closed-end one like an investment trust, whose shares were traded on the Stock Exchange. These may then stand at a discount to the fund's net asset value or at a premium, if the fund's tax advantages were sought eagerly by investors.

In their marketing literature the funds would have to be careful not to create "reasonable expectations" of a secure return.

The other provisions of the legislation are designed to exempt offshore unit trusts and other funds which genuinely invest, for example, in equities and which distribute all the net income they receive. Commodity funds, however, do not escape. The possibility that the funds could artificially avoid the receipt of income, for example, by dividend stripping, is ruled out by subjecting the funds to the principles of UK corporation tax.

The investor will be taxed on gains from the funds in a novel and hybrid fashion. All the gains will be taxed under schedule D(vi) as miscellaneous investment income. But they will not be taxed on an annual basis as they accrue, as with other investment income. Instead they will be taxed only when they are cashed in.

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City wants more facts on state asset sales

By David Dodwell

.HE CITY yesterday shrugged .f the Chancellor of the Ex-.hequer's autumn economic .tatement, although many .rokers showed frustration that .e had said so little—.articularly about selling public .ector assets such as British .elecom.

Analysts in stockbrokers .hillips & Drew's economics .olt reflected the comments of .any, saying: "There was .ttle in the Chancellor's state-.ent that was not known. The .ost significant features were .e omissions.

"The tenor and brevity of .s remarks gave the impres-.on of wanting to leave his .olicy options open."

Phillips & Drew forecasts a .ring budget that "will be .otable for its lack of gener-.ity" but felt that hints of tax .creases "may not automatic-.ly be translated into fact."

Laing & Cruiksbank .nalysts, among others, com-.ained that the important need .as for more information on .e Government's privatisation .netable.

Simon & Coates described .e Chancellor's statement as .a triumph of hope over bitter .K experience," and questioned .r Lawson's arithmetic. They .d other brokers, challenged .e prediction of a £10bn pub-.c sector borrowing require-.ent, predicting that it would .t exceed £9.1bn.

Most brokers felt Mr Lawson .as optimistic about inflation .d about the predicted 3 per .nt growth in the economy .xt year.

Brokers noted that gilts .ould "take the strain" of con-.ued high government borrow-.g but would be buoyed by the .ancellor's threat of higher .ation next April. The brake .sales of government-owned .sets would take pressure off .stitutional cash flow, so the .erall view for gilts was of .utious optimism.

Among equities, defence and .nstruction industry shares are .ely to be affected by the fore-.t of government spending .s in these areas. But as long .Mr Lawson's predictions for .owth are accurate, then the .jority view is that the bull .rket should remain firm.

Electricity prices 'need not increase'

BY MAURICE SAMUELSON

THE ELECTRICITY industry could absorb its new financial targets without having to raise prices for at least another year, the Electricity Consumers Council said last night.

Inspite of widespread assumptions that electricity prices will have to rise by 3 per cent next year, the consumers' body said it would argue over the next few months that there should be no price increase until January 1 1985.

The Chancellor has raised the electricity supply industry's negative external financing limit—its net repayment of money to the Government—from £418m in 1983-84 to £740m in 1984-85.

The consumers' council said it believed this increase could be absorbed by the industry without taking more money from the consumer.

It noted that the Electricity Council's medium-term development plan projected a negative external financing limit of only £350m for 1984-85.

The Electricity Council itself repeated its earlier statement that it could not quantify its next price rise until it also heard the new rate of return which the Government required on its current cost assets. This stands at 1.4 per cent for 1983-1984.

Although gas prices for householders and small industrial users are expected to rise by about 4 per cent or 5 per cent early in the New Year, the Gas Consumers' Council is being far less critical than its electricity counterpart.

This is largely because higher gas prices have been projected since July and because price rises will be far lower than the 7 per cent to 9 per cent rumoured at Westminster last week.

Most of extra agricultural aid will come from EEC

BY RICHARD MOONEY

MOST OF the £437m boost in government spending on agriculture announced on Thursday will be refunded by the EEC, the Ministry of Agriculture made clear yesterday.

The net increase in taxpayers' money spent on supporting British farmers will be little more than £15m.

Of the total increase in the agricultural allocation, £422m goes to the Intervention Board for Agricultural Produce, which operates the community's farm price support mechanisms in Britain. Virtually all of this money, largely covering increases expected in support costs for butter and skimmed milk powder, will eventually be paid out of the EEC farm fund.

The ministry's spending limit has been raised by £15m to £1,009m, which is something of a surprise since a substantial reduction had been feared in some quarters.

Together with savings of £11m from the winding up of the Land Settlement Association schemes, research cuts and the trimming of administrative costs, plus another £11m from cuts in arterial drainage and flood protection projects this means an extra £37m will be available to cover increased funding of fuel efficiency schemes for the glasshouse crops sector and a planned extension of aid for farmers on marginal land.

Reductions averaging about 15 per cent in capital grant payments to farmers will reduce the cost of this scheme by some £30m from what it would have been. But an increase in investments qualifying for grants is expected to cancel this theoretical saving.

Response from the National Farmers' Union was somewhat muted. Sir Richard Butler, the union's president, said yesterday, farmers accepted that agriculture was not immune from the economies and cuts being imposed in all sectors of industry.

Enterprise scheme plans grants extension

BY TIM DICKSON

WE TEND not to take on .usinesses involved in sex, .olitics, religion or gambling . . . but just about anything .se qualifies."

That was how an official of .e Manpower Services Com-.ission (MSC) yesterday .escribed the Enterprise .llowance Scheme, to be .tended next year at an .tra cost of £37m to provide .ants of £40 a week for .,000 unemployed people .ishing to start their own .usiness.

Enthusiasm for the scheme .s been widespread since it .as introduced on a pilot .asis in 1982, although so far .ere is little detailed evidence on which to evaluate its long-term significance.

Mr Tom King, Employment Secretary, said in the Commons after Thursday's announcement: "There can be no doubt that there is a good deal of entrepreneurial talent among unemployed people which the scheme is helping release. The potential benefits are great, not just for the person who manages to set up in business on his own, but also for others who may secure jobs as a result."

Figures from the MSC, which runs the scheme on behalf of the Government, show that about 3,400 people took advantage of the "pilot" version (run in five areas of the UK) and a further 15,000 have joined in since it went nationwide in August this year. The grants are payable on a flat rate basis for one year and are designed as a substitute for the social security benefits which unemployed people lose when they start working.

To be eligible, applicants must have been out of work for at least 13 weeks and be able to show they have at least £1,000 to invest in their business. No industry is excluded but the MSC has discretion to reject applicants considered "unsuitable" for support from public funds.

Enterprises set up range from an astrolgent who uses stellar intelligence for advising small businesses, to a group of Kissogram girls in Kent. Not surprisingly, most applicants are engaged in conventional crafts and services. The MSC said the vast majority "are serious minded people who just needed this opportunity to get going."

In spite of the admirably eclectic range of applicants, the MSC admits the overall response since August has been lower than anticipated—a factor some outsiders attribute to poor publicity. The MSC, however, is quite happy. "We didn't want people flooding in on Day One who we wouldn't have been able to cope with."

Criticism has also been levelled at the £1,000 requirement on the grounds that some worthy cases were being excluded while other applicants were being encouraged to stretch their resources through borrowing. Although the MSC has made no formal announcement, the rules have been changed to include those who can show proof of a £1,000 overdraft facility for use in their business.

Concern has also been voiced about the extent to which applicants are vetted for a life of self employment. The MSC says individuals must attend one compulsory seminar at a Job centre when the pitfalls are stressed and that three free counselling sessions are available with the Department of Trade and Industry's Small Firms Service. All businesses are monitored after three months and visits are subsequently paid to about 50 per cent on a more random basis.

The big test, of course, will be how many businesses survive once the £40 a week "crutch has been taken away. The MSC is still analysing evidence from those who joined the pilot scheme but preliminary estimates suggest that "only a handful have fallen by the wayside."

Akroyd chooses partner

LONDON

ONLOOKER

THE BIG event of the week was billed to be the Chancellor's autumn financial statement on Thursday, but tha City of London, at least, was jolted by something that happened first thing on Monday morning.

Shares of the leading jobbers Akroyd and Smithers were suspended at the year's peak of 585p ahead of a mooted deal with Mercury Securities, parent of the top London merchant bank S. G. Warburg, which aims to buy 29.9 per cent of Akroyd.

The idea of such a top-level get-together in the London securities markets set other brokers, jobbers and bankers in a tizzy. But it has all turned out to be something of an anti-climax, with the announcement of the details delayed until next week.

The Chancellor's statement also failed to produce any excitement for the market. Over the five days the FT Industrial Ordinary Index has shown only small fluctuations, finishing last night a net 3.7 points down on the week at 721.4.

Cable & Wireless

After the rapid growth in profits last year it was almost inevitable that the pace of expansion would slow at Cable and Wireless. And the interim pre-tax profits for the six months to September are, indeed, only up by a relatively modest 16 per cent to £80m. However, there is little to disturb the view that Cable and Wireless enjoys a healthy position in one of the key international growth industries, and in this period traffic volume rose by 15 per cent.

Currency effects were broadly neutral, with the results flattered by only £2m net. Within the total the fall in the Hong Kong dollar depressed somewhat the buoyant underlying profits growth in this part of the world, while the strength of the U.S. dollar gave a boost to earnings in the Western Hemisphere, mainly in the Caribbean.

Apart from the Hong Kong squeeze, the pattern of work on the Saudi Arabian National Guard project produced a lower than usual contribution from this source, although this is likely to be recouped in tha current half. On the bonus side, HMG's appetite for communicating with the Falklands following the battle to retake it has proved valuable to the company.

So pre-tax profits are set to rise solidly this year from the £156.7m last time to something in excess of £180m. The shares are trading on a prospective p/e of about 12, on the likely stated tax charge, which should not appear too arduous a rating once the forthcoming disposal of around half of the Government's 45 per cent stake is out of the way.

Johnnie is home

Johnnie came marching home again this week—Johnnie Walker Red Label, that is. The Distillers Company's world top-selling blend of scotch whisky was relaunched on to the home market on Thursday, some six years after being banished from these shores.

DCL withdrew the brand from the UK because of a row over pricing policy with the European Commission. Large volumes of Red Label were being "paralleled," or sold by unofficial exporters into Continental markets where traditionally prices have been substantially higher than in the UK because of the need to support expensive marketing campaigns to local distributors.

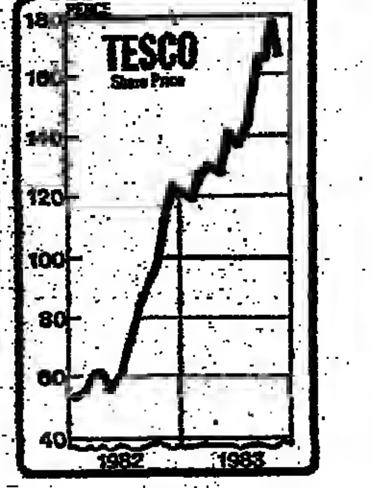
Now DCL has managed to patch up the row with the Commission. It has been allowed to slap a premium on Red Label exported from the UK. This premium, amounting to around £7 a case of a dozen bottles, is said to represent the average of EEC distributor's promotional costs.

When Johnnie Walker Red was withdrawn it held a very healthy 12 per cent of the UK market, a gap into which rival distillers eagerly leapt. DCL's own replacement brand, John Barr, has made little impact. But the past six years have been highly prosperous for two leading independents, Arthur Bell—which holds an impressive 22 per cent of the market—and Highland Distillers, with Famous Grouse which has an expanding one-tenth share.

General sluggishness in the whisky market coupled with the threat of Red Label's reappearance have already damaged the two companies' share prices. Bell has tumbled from a 1983 peak of 197p to 137p, while Highland is down less sharply from 117p to 96p.

How quickly can DCL rebuild Johnnie Walker Red Label's market share? One limiting factor will be that it is being reintroduced in a higher price bracket, at the upper end of the standard blends (though below the de luxe blends and the malts), whereas previously it was heavily promoted as a discounted brand by supermarkets.

At around £7.35 a bottle, Red Label will be much in line with Bell's and just below Grouse. DCL's marketing men admit that it will take years to rebuild a market share of, say, 10 per cent. But the threat to the competition is clear.



Tesco

Tesco is decking out its meat counters with juicier prime cuts. The company hopes to raise its quality image and arrive eventually at a substantial saving in labour costs over the present arrangement needing in-house butchering. In the short-term, however, the biggest impact of the decision is higher meat costs—and in this sense it exemplifies a host of changes now under way which are nibbling at the supermarket group's gross margins.

The stock market has kept the potential long term gains of this strategy firmly in its sights for most of 1983, which explains a dramatic performance by Tesco's share price relative to the rest of the retailing sector. But the market knocked 9p off the share price on Wednesday when the group's interim profit figures showed a 9.2 per cent rise in trading profits—trailing rather behind a 13.7 per cent jump in net sales.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1983 High	1983 Low	
F.T. Ind. Ord. Index	721.4	−3.7	740.4	598.4	Overshadowed by second-liners
F.T. Gold Mines Index	496.3	−13.1	734.7	444.6	Fears about high U.S. int. rates
Applied Computer Tech.	488xd	+88	553	250	Apricot unit sales
Associated Heat Servs.	323	+70	333	243	Interim results
Bank of Scotland	607	+62	607	420	Persistent demand/thin market
Bowater	226	+17	245	153	Press comment
British Aerospace	203	+17	244	170	BAE-146 sales
Burmah Oil	169	+17	187	125	Revived bid speculation
Dixon (David)	108	+23	112	66	Newsletter recommendation
Electronic Machine	40	+10	43	28	Tip-sheet recommendation
ICI	600	+20	606	350	Renewed U.S. buying
Joseph (Leopold)	278	+33	280	185	Financial sector euphoria
Midland Bank	433	+33	443	272	Sector re-rating continues
Polly Peck	£21½	−4	£35¾	£13¼	Political/competition fears
Schroders	670	+55	675	465	Financial sector euphoria
Shell Transport	544	−34	640	403	Weak spot crude prices
Smith Bros.	83	+13	83	39	Renewed speculative demand
Stenhouse	136	+30	139	97	Reed Stenhouse bid
Tate & Lyle	404	+48	410	209	Stake-building speculation
Tesco	166	−11	178	111	Prft.-tkg. after interim results

Unsettled mood

NEW YORK

TERRY DODSWORTH

AT THE END of last week the debt market threw its collective hat in the air and engaged in a brief bout of euphoria as it successfully swallowed up the $16bn of Treasury debt that had threatened to choke it. But the enthusiasm was short lived. The delayed money supply figures on Monday this week were far better than even a normal adjustment for Wall Street's forecasting inaccuracies in this respect would have implied. Yet the market totally failed to respond to the good news. Rates hardened steadily throughout the week and by Thursday dealers had put on their Cassandra headwear again and were predicting the worst for M1.

The biggest interest rate Cassandra of them all—Salomon's Dr Henry Kaufman—may have been partly responsible for the edgy caution, with a powerfully argued paper saying that the government deficit leaves no room at all for rate reductions next year. But with the Treasury's demand for a new borrowing ceiling still bogged down in Congress, and no sign from the Federal Reserve Board's open market committee meeting of any downward impetus to rates, the market was in an unsettled mood anyway, susceptible to all kinds of odd rumours.

At one stage fears that Mr Yuri Andropov, the Soviet leader, had died, swept through the market like a whirlwind, and there was a persistent tale that the Russians were buying dollars. Indeed, despite all the talk of internationalising the yen during President Reagan's visit to Japan, the U.S. currency gained against the Japanese unit, and by Thursday, at DM 2.6885 had reached its highest point against the Deutsche Mark since mid-September.

The explanaton for this strength in the dollar is that it is once again acting as an international currency refuge, and in this climate, it is not surprising that equities have failed to sparkle. But at least they managed a fairly resistant performance. Helped by a 14 point bound last Friday, when dealers responded to the brief good news from the Bill Market, the Dow Jones Industrial Average has now lifted well away from its recent low of 1214.84 reached on Monday two weeks ago. Over the eight trading days to Thursday it rose by almost 40 points, though the pace slowed down this week, and volume has at no stage been particularly high.

The main feature of the week was the announcement by AT & T of its new post-December shape, when the telecommunications group will emerge as eight separate and competing companies. If the anti-trust hearing on which this dismemberment was based is right, the companies should be more efficient and competitive on their own than as part of the old monolith.

But will the parts really be worth more than the whole? Wall Street has been beating its head over this conundrum for the past six months, and Wednesday's statement did not seem to help. Dealing in the shares built up to frenetic levels—2.6m on Wednesday—but with the price up only $¼ to $63¼ much of the activity was simply action for the sake of action.

An enormous weight of paper has already been generated by AT & T, to say nothing of the company's droves of Wall Street watchers, to arrive at this neutral point. But the current fog over the shares is logical enough: after all, what the market is now being asked to decide is the quality of the individual management in the new AT & T companies and there is no track record to go on.

Another similar stalemate in the market's second cause celebre—the battle for reconstructing Gulf Oil. Mr T. Boone Pickens, the rumbustious head of Mesa Petroleum, and architect of the plan to raise earnings at Gulf by splitting off producing wells into royalty trusts, has shot his first bolt and now seems to be sitting on a trading loss.

He borrowed $800m to buy his 10.8 per cent in the flagging oil giant, but has been stopped temporarily in his tracks by the regulatory authorities. Until this problem is sorted out, the market appears to have decided to stand on the sidelines, and the Gulf shares have slipped to $42¼, against Mr Pickens' average buying price of $44. So round one has gone to Gulf.

MONDAY	1254.07	+3.87
TUESDAY	1247.97	−6.10
WEDNESDAY	1251	+3.35
THURSDAY	1254.67	3.35

Striking a new note

MINING

KENNETH MARSTON

REALISM. That's the thing in the mining industry these days. Any starry-eyed optimism that there might have been at this time last year, when full economic recovery seemed to be just around tha corner, has long since evaporated. Recovery in demand and prices for metals is now expected to be a gradual affair.

A week or two ago we had Sir Alistair Frame, deputy chairman and chief executive of Rio Tinto-Zinc, doing some straight talking on the oversupply situation in copper which he thought looked like continuing for the foreseeable future. And Mr Christopher Stobart of Commodities Research Unit took a similar line.

This week we have had Sir James Foots, retiring chairman of Australia's MIM Holdings, telling shareholders at the Brisbane meeting that he could see no sign of the ending of the prolonged period of low world prices for metals generally.

The trouble was, he said, that the mining industry had geared itself up in the 1960s and 1970s for economic growth rates which had just not eventuated. So there was surplus metal production capacity and this would slow any rise in prices when demand does pick up.

It might be unfair, and unwise, to suggest that just because most observers are taking a realistic—if not gloomy—view of the outlook for metals that this is the very time when things take a turn for the better. But there has also been some hopeful news this week.

Canada's long-suffering Inco, for instance has struck a new note with a first order to supply a new reduction plant in Taiwan—30 per cent owned by Inco—with over $50m-worth of nickel oxide for delivery by 1986.

It is part of a 10-year contract which will enable the new plant to meet Taiwan's nickel requirements for the country's growing stainless steel and nickel sulphate industries.

The order is not going to transform Inco's fortunes, but it could be a pointer to the growing importance of tha Pacific Basin as a market for metals generally. MIM, in one of its more optimistic moods, said recently that it saw Asia and the Pacific Basin as likely to provide a growing market for the group's metals and coal.

But the new note which really struck a cord of surprise this week was the decision by America's Amax to reopen its big Henderson molybdenum mine in Colorado. The property has been closed since October last year because of excessive stocks and poor prices for molybdenum.

Amax's other two major molybdenum mines, Climax in Colorado and Kitsault in British Columbia, are also closed for the same reasons as are the properties of other producers of this still industry metal. Its high heat resistance and toughness provide major uses for molybdenum in low alloy steels, stainless steels and tool steels.

In fact it was in such high demand from about 1973 to 1980 that for much of the time production lagged behind consumption and there was a rush to develop new mine capacity. The trouble was that by the time this new capacity came in the world recession hit the steel industry and molybdenum demand with it.

So after being over $30 per lb at one time, molybdenum prices melted away and are now only about $4 which is below the cost of production for many mines. Amax, however, has been running down its metal stocks and needs to reopen Henderson on a partial scale in order "to sustain the anticipated level of sales."

Clearly the company also intends to be in a position to take swift advantage of any upturn in demand. It has said that it will reopen its Climax mine as well next year if there is a continued decline in world stocks of molybdenum and increases in demand from the capital goods sector.

Helped by its other interests, notably aluminium, coal, oil and gas, Amax could return to profitability next year after having been in the red during 1982 and 1983. The shares may be worth considering by those prepared to take a longer term view of earnings prospects.

● Irishmen tired of looking for gold in the streets of London might be interested to learn that Canada's Anglo United Development has found a glister of it back in Ireland's County Monaghan. It is in the area of the old Clontibret mine which was worked during World War I for its antimony.

The yellow metal has also turned up in the St Mary's Creamery area not far away. Drilling values of this Irish gold look interesting, if not exciting, but will stay that way unless sufficient mineralisation is found to justify a mining operation.

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Saving	£1108.00*

*Compared to typical 14% interest rate (APR 27.9%)

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YOUR SAVINGS AND INVESTMENTS

CHANCELLOR'S AUTUMN STATEMENT

Come home, saver

A look at savers' interest rates following the Government's forecast of low inflation

THE CHANCELLOR'S forecast in his autumn statement on Thursday that inflation would fall back to 4½ per cent next year makes the chance to cash in Granny Bonds more attractive after receiving this month's annual bonus.

Nigel Lawson's forecast of a lower Government borrowing requirement next year has also increased the chances of the long-delayed cut in interest rates.

So, the most attractive option for savers now, and certainly for higher-rate taxpayers, may be to lock into a high interest rate by using up their £5,000 quota of National Savings Certificates, 26th issue.

If held for five years, this offers an annual return of 8.26 per cent and is free of tax. Particularly now with the end in sight for offshore roll-up funds and their tax privileges, this looks like the most attractive riskless savings instrument for those liable to a rate of tax above 30 per cent.

Granny Bonds, the index-linked National Savings certificates, offer a return above the rate of inflation of 0.7 per cent a year plus an annual bonus of 2.4 per cent, although there is no guarantee that the bonus will continue beyond 1984. No tax is payable on interest, but the amount that may be bought is limited to £10,000 per person.

If inflation rises above 5.16 per cent, they will give a higher return than the 26th Issue. Most other forecasting units and stockbrokers expect an inflation rate between 5 and 7.5 per cent.

After reaching a peak in June of next year, inflation is expected to fall back again. But a small minority of forecasters expect inflation, fuelled by the economic upturn, to continue rising beyond June to a rate as high as 10 per cent.

The Treasury's economic model, however, which is relied on by the Chancellor, has had a better inflation forecasting record than most of its rivals in recent years. It has generally been too pessimistic in its outlook for inflation.

But if you are looking for a guaranteed real return with no risk of your capital being eroded by high inflation, then go for Granny bonds.

For higher rate taxpayers, both types of National Savings certificates offer more attractive returns than the building society term shares which offer up to 9 per cent net of basic rate tax.

The building society shares can be cashed in more easily than National Savings certificates but if interest rates in general fall, then so will building society rates.

How the taxman is to clobber offshore roll-up funds and life assurance policies

THE USE of offshore life assurance companies as a way of avoiding tax on investment income has effectively been ended by legislative proposals announced by the Government on Thursday night.

Life for investors in the offshore roll-up funds has however been made easier than anticipated. The detailed proposals for clamping down on the tax privileges of such funds from January 1 also announced on Thursday mean that investors do not need to cash in their investments before that date to establish their gains under the present tax regime.

The interest offered by the funds will simply be taxed under different rules before and after January 1. However most of the tax incentives to remain in the funds are to be removed.

The hopes of some funds, such as Lazard's Sterling Reserve Fund, that their method of investing would allow them to escape the clampdown have been dashed by the detailed and wide-ranging anti-avoidance legislation proposed.

The major remaining benefit of these funds is that the interest is not taxed until the investment is cashed in—when it will be taxed as miscellaneous income under Schedule D (vi). So the tax can be deferred until the investor is in a lower tax bracket, for example, after his retirement.

By contrast to the clamp down on offshore roll-up funds, which was announced in outline two months ago, the move against offshore insurance company policies was unexpected.

Until yesterday, life policyholders in such companies were not obliged to pay basic rate tax, and in some circumstances not higher rate tax either, on the profits they made when cashing in their policies.

Life policyholders in UK insurance companies are also exempt from paying any tax on such profits. In addition, they receive 15 per cent tax relief on their premiums. But the investment income and capital gains made by a UK insurance company for its policyholders is subject to UK corporation tax, albeit at a reduced rate.

But offshore companies based in tax havens such as the Channel Islands or the Isle of Man pay virtually no corporation tax and could offer their policyholders higher returns. Those who took out such a policy before yesterday will continue to enjoy this tax advantage.

But all new policyholders will be liable to income tax at their top marginal rate on any profits. This more than nullifies any tax advantage of using an offshore insurance company, compared with either a UK company or a different investment medium.

Expatriates, who until now could cash in their profits from an offshore company tax-free even after returning to the UK, will be taxed proportionately for the period of their policy that they are in the UK. Details will be announced later.

Offshore insurance companies are also facing a threat from the Department of Trade and Industry which, in August, produced its proposals to restrict sale of policies.

Details of tax changes, Page 4
Lex, Page 26

Clive Wolman

National Savings tax trap

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

By a letter dated June 18 1983 and addressed to my Tax Inspector I estimate that my income from National Savings Income Bonds for 1983-84 would be £3098.00. By a form 300C(Z) dated September 20 1983 the same Inspector demanded payment of tax on this same sum by January 1, 1984 and any procrastination would be penalised. I appealed against this demand on the following grounds:—

(a) that I had paid tax on such bonds to April 5 1983,

(b) that the figure of £3098 was my estimated income to April 5 1984,

(c) that my calculated income to January 1, 1984 was but £2169.63 (including instalment of interest due December 5 1983).

In reply the inspector stated "I must point out that income arising under Case III is assessable on an annual basis and the due date for payment is January 1 regardless of the actual date the interest is received."

The position then is:—

Tax required by 1/1/84 on	**£3098.00**
Calculated int. to 1/1/84 is	**£2169.63**
Premature demand @ 30 per cent on ...	**£ 928.27**

I shall, therefore, have to draw on other savings to pay this £3098 x 30 per cent and thus lose income by way of interest from January 1 to April 5 1984.

Can he do this to me?

It is a pity that you have missed all our warnings, over the years, about the Case III tax trap into which you have fallen. It is also a pity that the National Savings Department's advertising has consistently avoided giving any clear hint that investors may well have to pay tax on more interest than they actually receive, over the period of their investment (by reason of the arbitrary rules enshrined in sections 119 to 121 of the Income and Corporation Taxes Act 1970). These notorious tax rules will produce a bonus for the Inland Revenue if the Government is successful in its policy of holding down interest rates, thereby boosting the effective tax rate while leaving the nominal basic rate unchanged.

The inspector is right in saying that section 4 (1) of the Taxes Act requires 1983-84 schedule D tax on interest etc. to be paid by New Year's Day 1984 (although tax collectors' offices will be closed on that day and the next day), regardless of whether the 1983-84 assessment is based on the current year's income or on the preceding year's income (or partly on one and partly on the other). We infer that your entire holding of NSIBs was purchased in 1981-82 and that the first interest payment was made in 1982-83; that being so, the 1984-85 assessment will be based on the 1983-84 interest, unless you elect to be assessed on the actual 1984-85 figure: the 1985-86 assessment will be based upon the 1984-85 interest (with no alternative), and so on—the assessment for the year before the one in which you cash the bonds will be based upon either the preceding year's interest or the actual amount, whichever produces the bigger tax bill (with 8 per cent interest on any extra tax which results from the encashment, under section 69 of the Finance Act 1982).

If you feel that you were misled by the NSIB advertising leaflets and prospectus, you may wish to submit a complaint to the Advertising Standards Authority Limited or to your MP.

Interest-free loans

I should be glad of your advice on the following. To bridge the gap between my purchase of a new house and receipt of the proceeds from the sale of my present house, my son plans to lend me between £10,000 and £15,000. The loan will be interest free and for a period up to one year. Is it likely that the transaction can in any way lead to a tax liability?

As the interest which might be chargeable were the loan at normal rates of interest would not exceed the annual exemption there would be no liability to Capital Gains Tax provided your son does not wish to use his annual exemption in some other way.

Limitation and trespass

My neighbour damaged the party wall between my property and his and in the process reduced the height of the wall by about three feet.

Under the Statutes of Limitation is an action for reinstatement and for damages barred after six years, or does 12 years apply, seeing that there has been in effect an expropriation of my property, i.e. my half of the wall?

The six-year period would apply because your cause of action would have been in trespass.

Roll over relief

In certain circumstances, CGT roll-over relief can be obtained on disposal of assets owned personally but used in a family trading company. I am not clear whether (besides other conditions not in contention) (a) the assets must be rent-free and (b) the person must work full-time in the business.

These conditions do apply to retirement relief and Simon's Taxes is rather ambiguous as to whether they also apply to roll-over relief. Can you please advise?

I should add that I have put the problem to our small firm of auditors without satisfactory conclusion, and I would find it rather embarrassing to turn to an alternative firm.

Does not section 120 of the Capital Gains Tax Act 1979 give you the answers (a) yes and (b) no? Maybe your accountants would like to come to us for clarification, if they have doubts.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

هكذا من الأصل

NEW WAYS OF BUYING INTO GEMS

ENCASED INVESTMENT diamonds or pieces of paper to represent them may not always be a suitable substitute for diamond jewellery as a Christmas gift. But since the collapse of the diamond market and the massive losses suffered by many inexperienced investors, a variety of new schemes have been developed which aim to give investors greater protection and to guarantee them a way of cashing in their investments without paying a large penalty.

● Balance Gemstones, a New York firm, launched a scheme earlier this year which allows you to buy diamonds, rubies, sapphires and emeralds of investment quality with a guarantee that you can sell them back at the purchase price (in dollar terms) six years later. You also have a 10-day period to check the value of your sealed-in-plastic gem, when you can return it and get your money back.

The scheme is registered with the powerful U.S. securities watchdog, the Securities and Exchange Commission. And if the company goes into liquidation, the buy-back guarantee is underwritten by the U.S. insurance company St Paul Fire and Marine.

● The prospectus for a riskier development is due to be issued in the UK on Monday by the Adamas Diamond Corporation. Investors are offered the chance to buy preference shares in the company which can be sold back at any time. The minimum investment is $5,000.

The company is registered in Panama, administered in Switzerland, with its stones kept in New York and has nine dealers in London, Antwerp, New York, South Africa and Hong Kong. There is no insurance against insolvency.

The portfolio of stones of low and high quality will be actively traded and any profits (or losses) will be reflected in the rise (or fall) of the share price, which will be quoted monthly.

● The Real Diamond Company of Antwerp is to launch a scheme in four months. This will allow investors to buy and hold diamonds (sealed in containers) and sell them back at any time. A clearing bank is expected to be among the agents in the UK.

Only higher quality diamonds will be offered at an average price of about $5,000 per selection of stones. The spread between buying and selling prices, which will appear on Reuter screens, will start at 8 to 10 per cent but is expected to fall within the first 18 months.

● A longer-standing fund, launched before the recent slump, is the single-premium Richmond Diamond Bond managed by the Richmond Isle of Man insurance company with the Hong Kong and Shanghai Bank's Jersey subsidiary as trustees. The fund retains about 20 to 25 per cent in cash but invests the rest in high quality diamonds bought in Antwerp.

The investment can be cashed in once a week and there is a 5 to 6 per cent spread between buying and selling prices. Note that offshore insurance companies are now subject to unfavourable tax treatment (see page 6).

Addresses: Balance Gemstones, 551 Fifth Avenue, New York, N.Y. 10176, U.S. Adamas Diamond Corporation, 15 Queen Square, Bath, Avon. Real Diamond Company, Vestingstraat 59/63, Antwerp, Belgium. Richmond Life Assurance, 4 Hill Street, Douglas, Isle of Man.

Diamonds begin to regain their investment sparkle

THE PALE-FACED Hasidic Jews in long black coats who were negotiating prices excitedly in a small circle on London's Hatton Garden looked up furtively.

A younger beardless man spoke. "Yes, we're all diamond brokers, but we're not concerned with investment," he said defensively. "If you buy a diamond, you buy it because you think it's beautiful, whether the price'll go down or up."

Gerald Smookler, president of the Diamond Bourse explained the source of their anxiety. "Diamonds have received a lot of adverse publicity in the last few years. And it's the investment side of the business which is mainly to blame."

Some of the criticisms have proved ill-founded. The critics predicted that De Beers central Selling Organisation, the South African cartel that controls more than 85 per cent of the world's supply of uncut diamonds, was losing its 50-year-old iron grip on the market—and that instability and a massive glut of stones would result.

The detractors also forecast that prices which slumped dramaticlly between 1980 and 1982 would be further depressed by the appearance of synthetic diamonds of gemstone quality.

But De Beers cut its dividend, bought up the surplus stocks and brought the cartel-busters to heel. Meanwhile the technological obstacles to reducing the costs of growing artificially diamonds of gem quality have postponed the threat to the value of natural diamonds, until the next decade at the earliest.

Although the monopoly power of De Beers has sustained the buoyancy of the small lower quality stones used in jewellery, the larger, near-flawless and colourless (bright/white) stones have yet to enjoy a recovery in their dollar price since the 1980-82 slump (see graph). Thus, ironically, the larger and rarer stones, the only ones normally considered suitable for investment, have in fact proved a worse investment than their smaller brethren.

The upsurge in diamond prices from 1977 to 1980 began with speculative buying and stock-building by the cutters and polishers of Tel Aviv, who were granted easy credit by the banks.

But private investors, anxiously seeking an inflation hedge, provided most of the later fuel. Particularly in the U.S., demand was increased by teams of agresssive telephone salesmen. Investors, who were given buy-back guarantees, discovered they had paid inflated prices to salesmen who subsequently wound up their companies and vanished.

Investment in diamonds, which had been running at over $1bn a year, virtually dried up amid a flood of recriminations.

But the present depressed prices must provide a temptation to all who follow a contrarian investment philosophy. In inflation-adjusted terms, prices for top-quality diamonds are close to their lowest for 10 years. In the longer term, the rarest stones have nearly always given their owners handsome returns.

The 3,106-carat Cullinan stone, the world's largest, was valued at £150,000 in 1907. Today its value is estimated to be £40m, according to Carl Pearson of the Economist Intelligence Unit.

But there are two major pitfalls for the diamond investor. One is the difficulty of valuing a stone. While the process is not as subjective as valuing a painting or antique, diamonds are not as standardised as, say, bars of gold or platinum.

The weight and the quality of the cut of the stone can usually be determined without controversy. The problems arise in deciding what flaws the stone has, their importance, and how pure the whiteness of the stone is. Even with the latest light measurement equipment, the Hatton Garden dealers prefer to hold a stone up to the daylight and haggle over its virtues and vices, before fixing a price.

"Relying on certificates from diamond laboratories and price lists can be dangerous for those with no experience in the trade," says Smookler.

The other major pitfall arises from the commissions earned every time a diamond changes hands along the marketing chain starting from the "sights" organised by De Beers ten times a year in London for a tightly restricted clientele of about 300 dealers and finishing at the jeweller's shop. In fact if you buy a mounted stone from a jeweller you are unlikely to make any sort of profit before the end of the century as the combined mark-ups will probably amount to between 500 and 1,000 per cent, over the "sight" price for the rough stone.

As by far the largest mark-up is taken by the retailer, after mounting the stones, investors ought to buy only loose stones wholesale. The minimum realistic investment is £5,000 to £10,000. Ideally, the stones should be bought from an experienced dealer you can trust.

But for the majority lacking such a contact, Mat Haruni, a dealer at Emda International just off Hatton Garden, makes an alternative suggestion. "Ask one dealer to make you up a packet of a few stones. But before you agree to buy it, get him to let you take it to other dealers, and ask them for a valuation. Don't tell them whether you want to sell or to buy stones of similar quality."

By this means or by using one of the new investment schemes (see box), the spread between buying and sell-back prices can be limited to 10 per cent or even less. This excludes VAT which can be avoided by arranging to purchase and hold the diamonds offshore.

But there are other risks to the value of a diamond investment. The world's stock of diamonds is continuing to grow, and there are also doubts about future demand, in view of the trend among the wealthy, the only potential purchasers of the larger stones, towards more discreetness in their displays of wealth.

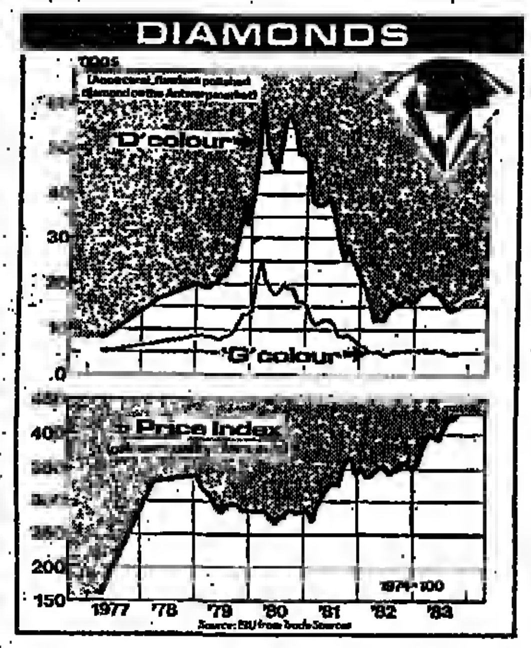
However, the marketing clout of De Beers should not be underestimated. After promoting the diamond as a symbol of eternal love in the U.S. since the late 30s, De Beers has in the last 20 years achieved similar successes in Japan, Scandinavia, and the Arab world. A royal wedding in one of the Gulf states has a perceptible effect on the prices of the larger diamonds.

De Beers is now turning its attention to the male market and to shifting the larger stones of more than one carat.

But vanity aside, the chief ellure of top quality diamonds over the last 50 years has been that they are the most universally acceptable and easily transportable form of wealth (gold is much heavier). They can always be hidden from the prying eyes of oppressive regimes—and tax and customs officials.

Clive Wolman

Bargaining over a girl's best friend



INVESTING IN RETIREMENT

Advice you need to ask for

CHRISTINE STOPP concludes her series with a list of points to watch for in an investment portfolio

BEFORE APPROACHING a financial adviser, some self-help is called for. It's best to be aware of the drawbacks in your existing portfolio and to know what you are aiming for. That way, you can use the adviser's services to maximum advantage to bridge any gap.

As the case studies in the series have shown, there are a number of warning signals when an individual's investments are badly in need of reorganisation. It may simply be that the situation has not been revised in a number of years, during which time circumstances have changed. Many older investors have all their capital in one type of investment, or even in one or two shares or gilts.

Those coming up to retirement should look at the possibility of a personal pension plan if they have eligible income, and avoid locking up capital—in a building society term share, for instance—which they may want to redeploy later.

Bearing all this in mind, there are many questions to ask an adviser at your first visit. The checklist attached gives the most obvious ones. If you want more information on the investments available, there are a number of relevant books. One is Rosemary Burr's *Your Taxes and Savings in Retirement* (Age Concern, £1), a no-nonsense run-through of the basic information. Edward Eves' *Money and Your Retirement* is also to the point, and offers clear examples, though spoilt by poor cartoons (£1.50 from Choice Publications, Retirement Information Bureau, 2nd Floor, Whitehall, London Road, East Grinstead, Sussell, RH19 1AW). Birmingham insurance brokers B. G. Eales have produced a booklet *Investing for Income* which packs a lot of useful information into 24 pages. It is available from them at Crosby House, 18, Greenfield Crescent, Edgbaston, Birmingham, B15 3AH (enclose 75p postal order).

CHECKLIST

Questions to ask an adviser

1 What products and services do you specialise in?
2 Can you advise on tax and investment and manage investments.
3 What charges are involved?
4 What is the estimated tax, income and growth on the portfolio suggested?
5 What proportion of the portfolio can be readily realised, and how much of it is tied up? How long is non-liquid capital tied up for?
6 Where insurance is concerned, can I see more than one example of the product suggested?
7 What level of risk is attached to each investment? In particular, how much will the real value fo the assets be eroded by high inflation?
8 Are any of the investments likely to be affected by future anti-tax avoidance legislation?
9 What will the suggested portfolio look like in, say, five years' time?
10 What will happen to these investments in the event of my or my spouse's death?
11 What safeguards can you give on the segregation of client funds from your company's own funds?
12 Are any of the products specially designed for or managed by your company? If so, how do they differ from what is generally available, and how would they be affected if you went bankrupt?
13 What connection do you have with the companies whose products you recommend? What commissions will you receive?
14 How frequently will you contact me once the portfolio has been set up, and how often will you give valuations, comment and advice?

A thatched roof can be a bonus

BY JUNE FIELD

THERE IS something particularly old English about a thatched cottage. But well-maintained thatch is not only a picturesque revival from another age, but an entirely practical roofing material which often adds to property prices.

Thatched homes are a popular buy, with the 17th century Great House, East Orchard, Dorset selling well in excess of the asking price of £110,000 through Humberts of Shaftesbury. The 16th century Mill House, near Wadhurst, East Sussex, has gone for over the guide price of £160,000 through Bernard Thorpe and Partners.

In the New Forest Jackson and Jackson, Lymington, sold the early 18th century Ryehill Cottage at Beaulieu for £120,000 to a buyer from Germany, and in Hertfordshire, Jackson Stops and Staff sold Church Farm House and cottages with four-acre paddocks, well in excess of £200,000 before auction.

Thatching officer Peter Brockett of the Bedfordshire and Hertfordshire Small Industries Committee of CoSIRA (Council for Small Industries in Rural Areas), reminds that a thatched roof is a bonus.

"Its good points are aesthetics and longevity compared to other forms of roofing; and it has a high " U " value.

If you need to re-thatch Mr Brockett says there should not be any problem in finding thatchers providing adequate notice is given. Thatchers cannot get continual supplies of materials all the year round, and have to rely on annual harvests of reed and straw.

"Programming is important — it is not just a question of going down to the local builders' merchants and picking up a few thousand bricks. A thatcher has to plan jobs well ahead, although minor repair jobs can usually be fitted in, particularly at this time of year."

To find a thatcher, look in your telephone book for the local Master Thatchers' Association which will recommend one who has worked in the craft for some years, and will be glad to show examples of work.

Or in case of difficulty, send a stamped addressed envelope to CoSIRA, 14 Castle Street, Salisbury, Wiltshire. They warn you that no work should ever be undertaken without a specification, so always insist on one accompanying any estimate.

Watch a thatcher at work as I did recently, in Sussex, and one is amazed at the amount of straw packed into a roof. Beginning as an enormous mass, it slowly shrinks into a small pile of short and broken straws as the thatcher works with his weight balanced between padded knees and feet.

Thatching terms have an emotive appeal too—a leggat is a square or rectangular block of wood used for beating reed into position, stulch is a strip of thatch about ½ metre wide running from eaves to ridge, laid as the work proceeds, and "flecking" is a woven mat of water reed used in lieu of battens.

The shape of a roof does not appear to worry a skilled craftsman. A cottage at Lyme Regis, Dorset, has an umbrella-shaped roof; one at Rayleigh, Essex, is octagonal, and there are various thatched round houses in Cornwall, said to be constructed that way so that the Devil could not find a corner to hide in.

There are basically three types of thatch: water reed, mainly from Norfolk, the best, which should last 50-60 years; combed wheat reed, largely grown in Devon and passed through a combing machine, 25-40 years, and long straw, 10-20 years.

Thatchers work to a measurement called a square, which is 100 sq ft. So very roughly the costs per square are £340 to £400 for the best reed, £300 for combed wheat reed, and for long straw, £250. But a great deal depends on the availability of the material and how far a thatcher has to travel to do the job.

CoSIRA's leaflet on *Fire Precautions for Thatched Properties* reminds us that while there are many thousands of thatched properties in the UK, few are damaged or destroyed by fire. "One of the main problems is that the homes are often several miles from a fire station, so there can be delay in appliances reaching the scene."

Advice is given on emergency measures — for instance, a garden hose connected to a water supply of sufficient pressure can be used to dampen the thatch before the brigade gets there, and an adequate supply of non-kink hose permanently attached to an outside supply is a wise precaution.

The proposal form for comprehensive insurance of thatched property naturally asks searching questions, such as when was the roof last re-thatched, when was the electric wiring last inspected and what form of heating is used.

If it is solid fuel, when was the chimney last looked at, is a spark-arrestor fitted, and how many fire extinguishers are kept?

There are several agencies specialising in insurance for thatch, and depending on circumstances, Thatchowners, Phelps House, 17, Heath Road, Twickenham, Middlesex, quote £3 to £3.50 per £1,000 on buildings, with £4 to £5 per £1,000 for contents.

Hill Tree Cottage, Woodnewton near Oundle, Northamptonshire, needs complete renovation and modernisation. Offers in the region of £18,000 are invited by Strutt & Parker, Spitalgate House, London Road, Grantham, Lincolnshire. Further information on the Closing Order, and Grant availability from the Health and Housing Department, East Northamptonshire District Council, Midland Road, Thrapston.

Above: Gable Thatch, four bedroom, two bathroom 17th century house in a third of an acre at Glatton, near Peterborough, Cambridgeshire, restored about four years ago by local architect Hugh O'Neill. Offers are invited in the region of £76,000.

Right: Ferndon Thatch in an acre at Puckington, Somerset, has four bedrooms and two bathrooms. Built of natural ham stone with leaded light windows, many of the rooms have the beams and wall-timbers from the original barn incorporated into the house. Michael de Pelet, Knight Frank & Rutley's Long Street, Sherborne, Dorset office is quoting £75,000 as a price guide.

The good thatch guide

Strutt and Parker of Grantham, Lincolnshire, has a completely unmodernised cottage in the village of Woodnewton, 14 miles west of Peterborough (offers in the region of £18,000), and a farmhouse and cottage which really needs making into one, near Oundle, Northampton (around £52,000); and the firm's Exeter office, in association with Michelmore Hughes, has a 17th century thatched house, Little Halvose, in 2½ acres at Helston, Cornwall. Mr R. D. Thomas on 0392 215631, is looking for offers in the region of £200,000.

Bairstow Eves with offices in Essex (at Braintree, Halstead and Colchester), usually has a good selection of thatched cottages from about £35,000 upwards. For details contact Judy Terry, Bairstow Eves, 31-32, Duke Street, Chelmsford, Essex.

In Suffolk, Abbotts, 42, Ipswich Street, Stowmarket, has some of the larger, traditional pink-washed and timber-framed thatched farmhouses around £75,000. In Sussex, Michael Brandon, Jackson-Stops and Staff Chichester office occasionally has some country and riverside thatch, as does Peter Burrell in Whiteheads' Chichester office.

World moves

CHESS

LEONARD BARDEN

BRITISH CHESS is honoured tomorrow when the opening ceremony of the £80,000 world title semi-finals, sponsored by Acorn Computers, takes place at 11 Downing Street. Chancellor Nigel Lawson will hold white and black pawns in clenched hands for Korchnoi and Smyslov, the two senior contestants, to choose colour for the opening games. Korchnoi v Kasparov starts on Monday and Ribli v Smyslov on Tuesday at the Great Eastern Hotel, London, with hours of play 4-9 and admission £4.

Two supporting matches at the same venue are significant for Britain's hopes of providing a world title contestant in future competitions. Nigel Short meets America's best junior, Joel Benjamin, in an 8-game series starting on November 24; while Tony Miles plays Vlastimil Hort of Czechoslovakia, a regular in the world top 20, beginning on December 5.

This month Miles has gained notably in status by winning against world champion Anatoly Karpov in the final of the BBC's annual Master Game tournament at Bath. Because of the BBC's industrial dispute the series is unlikely to be screened in Britain this year; but Miles's victory will be shown on West German television which co-sponsored the event. Not since Blackburne won against Lasker at London 1899 has a British player defeated a reigning world champion on home soil.

Monday's game gives chess enthusiasts a first sight of Gary Kasparov, who at age 20 is already widely considered a future world champion and perhaps the greatest player ever. Remarkably gifted in tactical analysis, he has added strategic depth to his game in the past year which is now modelled on Alekhine's in that genius's prime. This week's game could easily be taken for one of the masterpieces which Alekhine produced in his best tournaments at San Remo and Bled. White's strategy looks harmless, but a tactical coup on move 19 transforms the play and quickly assures White a winning position.

WHITE: G. Kasparov (USSR).
BLACK: S. Gligoric (Yugoslavia).
Opening: Queen's Indian Defence (Niksic 1983).

1 P-Q4, N-KB3; 2 N-KB3, P-QN3; 3 P-KN3.

Unusual for Kasparov, whose patent is P-QB4 and P-QR3 with chances for a later P-Q5.

3...B-N2; 4 P-B4, P-K3; 5 B-N2, B-K2; 6 N-B3, N-K5; 7 B-Q2, P-Q4.

The impression has gained ground that Black should not go immediately for the pair of bishops, but the case is unproven. In Benko-Lein, U.S. championship 1980, Black had a solid position after 7...NxB; 8 QxN, P-Q3; 9 O-O, N-Q2; 10 P-Q5, P-K4.

8 PxP, PxP; 9 Q-R4 ch!

An artful check, luring Black's queen to a square from where it will soon have to move again. Kasparov's well-primed store of opening novelties is one of his great strengths.

9...Q-Q2; 10 Q-B2, NxB; 11 QxN, O-O; 12 O-O, N-B3; 13 QR-B1.

Black now has the bishop pair in less favourable conditions than in the note to move 7. White's immediate threat is 14 NxP, QxN; 15 N-K5.

13...QR-Q1; 14 P-K3, B-R3; 15 KR-Q1, N-R4; 16 P-N3, KR-K1; 17 N-K2, [illegible]; 18 N-B4, P-B3; 19 N-K5!

Typical Kasparov; in a calm position, a tactical surprise puts his opponent in immediate difficulty. The point is 19...BxN? 20 PxB, QxP (or RxP; 21 P-QN4, N-B5; 22 RxN, PxR; 23 QxQ); 21 P-QN4, N-B5; 22 RxN, PxR; 23 QxR! winning material. Now 20 P-QN4 is threatened, so Black has to weaken his pawns.

19...P-B4; 20 N-N4! B-K2.

Still worse are 20...PxP; 21 NxB ch, QxN; 22 QxP, or 20...P-B5; 21 NxB ch, QxN; 22 P-QN4, N-B3; 23 NxP.

21 PxP, Q-Q2; 22 N-K5, Q-B2; 23 PxP, QxP, 24 NxQP, B-R6. Black's only hope is counterplay with his bishop pair.

25 NxQ, RxQ; 26 N(N6)-B4, NxN; 27 NxN, BxB; 28 NxB, B-R6; 29 R-B4, P-QR4; 30 R-K4, R-R1; 31 N-B4, B-KB1; 32 R-Q5, P-N3.

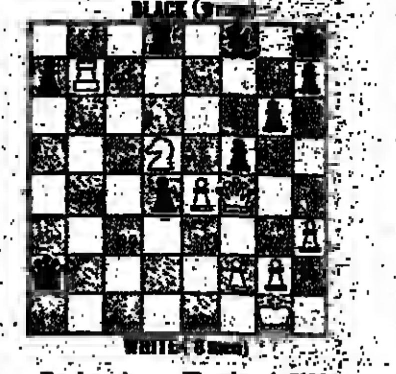
Another pawn falls; if P-R5; 33 N-N6.

33 RxP, R-B1; 34 P-B3, P-R4; 35 R-Q4, B-N2; 36 R-Q3, B-K3; 37 R(R5)-Q5, Resigns.

A neat final touch; if BxR; 38 RxB and the white pawns march in.

POSITION No. 491

BLACK (



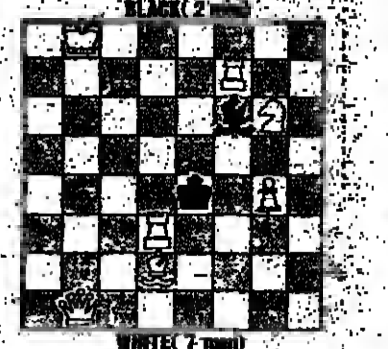
WHITE (8 men)

Barkovsky v. Korchnoi, USSR 1969. The great Korchnoi (Black, to move) offered a draw, a pawn up. White, elated by the honour, accepted. "What are you doing, Viktor?" asked a colleague. "You could win by 1...B-Q3 and if the white queen goes to threaten mate then your mate first on the back row by Q-R8 ch." "That wasn't how I saw it," retorted Korchnoi.

Who was right?

PROBLEM No. 491

BLACK (2



WHITE (7 men)

White mates in two moves against any defence (by N. A. Macleod).

Solutions Page 12

BRIDGE

E. P. C. COTTER

THE FINESSE lures many a player to destruction — he refuses one finesse, which ensures his contract whether it wins or loses, and takes another which he should avoid like the plague. There is a valuable lesson to be learned in this deal from rubber bridge:

N
♠ J 8 7 2
♥ A K 7 4
♦ 6 3
♣ Q 5 2

W
♠ 9 3
♥ J 10 8
♦ K 10 7 2
♣ K 9 4 3

E
♠ 5
♥ 9 6 5 3
♦ J 9 8 5 4
♣ J 10 8

S
♠ A K Q 10 6 4
♥ Q 2
♦ A Q
♣ A 7 6

North dealt with both sides vulnerable, and after two passes South opened the bidding with two spades, to which North replied with three spades, a response which shows normal trump support and guarantees at least one Ace. South rebid four clubs, North said four hearts, and over South's second cue-bid of five diamonds went six spades.

West led the Knave of hearts, South won in hand and drew trumps with Ace and King. He then crossed to the King of hearts, discarded a club on the Ace, and returned a diamond, finessing the Queen. West won and returned a diamond, and with no means of disposing of a losing club, the declarer went one down.

Besides the more usual Direct Finesse there is in this hand an Indirect Finesse, but the declarer did not give it a passing thought. The correct continuation, after drawing trumps and discarding a club on the third round of hearts, is to cash the club Ace and lead the seven towards the table. West has to win, and South has twelve tricks. East may have the King, you say. Very true — in that case declarer ruffs a heart or club return, crosses to dummy, and takes the diamond finesse. It may be wrong, but at least he has enjoyed two chances instead of one.

The next hand, dealt by South at game to North-South, occurred in a pairs event, and this is how the play went at one table:

N
♠ K Q 8 6 4
♥ 7 4
♦ A Q 5
♣ A J 2

W
♠ 7 5
♥ K 10 8 2
♦ 10 9 8
♣ Q 8 6 4

E
♠ 3
♥ J 9 6 5 3
♦ J 7 4 2
♣ 9 5 3

S
♠ A J 10 9 2
♥ A Q
♦ K 6 3
♣ K 10 7

South bid one spade, North said three clubs — the Force of Control — and South correctly raised to four clubs. North now said four spades, and went six spades after South's cue-bid of five hearts.

Winning West's diamond ten in hand, the declarer drew trumps with King and Ace, cashed the other two diamond honours, ending in dummy, and took the heart finesse. West won, returning a heart to the Ace, and now South led a club to the Ace, and finessed his ten on the way back. West had the Queen, and the slam was lost.

On this hand declarer took two finesses, but he should not have taken even one! After drawing trumps and cashing the two diamonds, South must cash the heart Ace, and cut adrift with the Queen. Whichever defender wins the trick must either concede a ruff discard by a red suit return, or "find" the Queen for the declarer by a club return.

The presence of the Ace, Knave of clubs in dummy and the King, ten in declarer's hand, giving, as it were, a double tenace position, makes this line of play a certain winner.

CONTRACTS & TENDERS

OVERSEAS PROPERTY

RESIDENTIAL PROPERTY APPEARS EVERY WEDNESDAY AND SATURDAY

RESIDENTIAL PROPERTY

Exit Flashman, enter Blood

BY NICHOLAS BEST

The Pyrates
by George MacDonald Fraser. Collins. £9.95. 413 pages

Man of War
by John Masters. Michael Joseph. £8.95. 314 pages

The Dark Fantastic
by Stanley Ellin. André Deutsch. £8.95. 309 pages

It is no secret, surely, that George MacDonald Fraser is becoming a little bored with Flashman. Fifteen years now since the first of the series came out, and more and more in recent times they have given the impression of being written on auto-pilot. So what better time to welcome a new horse from the same stable, Colonel (cashiered) Thomas Blood, the hero in all but name of his latest novel *The Pyrates*?

Blood of course is a genuine historical figure—he of the Crown Jewels—a rascal Irishman whose life and somewhat chequered career would defy the imagination of any but the most skilful of novelists. In Mr Fraser's hands he is immediately recognisable as an old friend. He lies, cheats, womanises (though without Flashman's success), runs away when he can, fights dirty when he can't. He is a cad, a bounder and a rogue, shunned in polite society and shunned out of it too. He is everything Flashy was, and then some.

There is more to this story than Blood, much more, for the author is concerned with pirates, and Hollywood pirates in particular. He is writing pastiche. He has taken every cinematic cliché of the past 50 years and lovingly worked it into the narrative, from a crew of seamen who learned their trade at the Jeffrey Farnol School of Historical Dialect to a gang of wenching roisterers in the back room of the Keelhaulers' Lounge, to good-looking Captain Avery, "the young Errol Flynn, only more so, with a dash of Power and Redford thrown in; the answer to a maiden's prayer and, between ourselves, rather a pain in the neck."

A pain he may be, but Avery is loved by the admiral's daughter, Miss Cheltenham 1670. She in turn is pursued by Akbar the Damned, "his gold lamé jeans stretched to the limit," his galley slaves hoarsely chanting "Well rowed, Balliol" (a bit over the top there, and elsewhere too). And so on, in a plot that is wonderfully absurd, but no more so than the movies that have been the author's inspiration—*The Sea Hawk, The Black Swan, Treasure Island, Drake of England*, anything by Sabatini.

It is all there, right down to a dead man's chest, cleavages that are everything they ought to be, and characters in sea boots who say nothing but "Arr!" "Zounds!" or "Me Hearty." Mr Fraser cheerfully mixes modern dialogue with Restoration comedy, beautifully sending up a whole raft of Hollywood costume dramas that millions mourned in passing. For all that he writes tongue in cheek, his kind of humour is very difficult to bring off, as difficult in its way as the heavier—and often duller—stuff that goes up for the Booker prize.

Sad that John Masters died soon after completing *Man of War*. Sad because this was clearly intended to be the first of two or maybe even three novels chronicling the career of Bill Miller, a newly commissioned ranker at the end of the First World War whose military prospects begin to look up only at the onset of the Second. In the heady days leading up to Dunkirk he takes command of his battalion at gunpoint, relieving a sworn enemy of his post and rising from major to brigadier in the process. All the years of study, the grim peace-time years of disagreeing with his superiors at Staff College are beginning to pay off. His finest hour is about to come.

George MacDonald Fraser: a bold new hero

The parallels with Lord Montgomery's career are obvious. It is part of the author's skill that Miller comes across as an unlikeable man, a dour, humourless character who prefers to shut himself up with the latest book on tank warfare while others are out pig-sticking. When his sworn enemy's wife offers herself to him, he responds by clenching his teeth and going off to Spain to fight on Franco's side and learn how the Germans operate. He sticks out like a sore thumb in the mess, but he is a fine patriot and a dedicated, independent-minded soldier.

All the author's talents are on display in this, his last book — and all his weaknesses too. There are too many flashbacks, too many chapters beginning "It was early 1928 and the battalion was stationed in Plymouth," too many dramatic setpieces that never quite come alive. But his knowledge of soldiering is unrivalled as always, and the events leading up to the British army's disintegration at Dunkirk are very cleverly done.

Stanley Ellin's *The Dark Fantastic* is an intriguing suspense story constructed around an old white lunatic living in Brooklyn in an apartment surrounded by blacks. Charles Witter Kirwan — a descendant of the Dutch settlers who originally acquired the land around Witter Street — is a retired history professor dying of cancer. Angered by his college's policy of admitting blacks without formal qualifications, he gets it into his head that the thing to do is to blow up the apartment building, killing at least 60 of them in the process and himself as well.

His path is crossed by a private investigator on the trail of stolen paintings. Kirwan suspects he is after stolen dynamite. The dénouement — in this nicely crafted, well written book — is worth waiting for.

From the pavilion end

BY TREVOR BAILEY

Books on sport proliferate and in spite of the rival claims of the television-set still attract readers. *Lord's* by Geoffrey Moorhouse (Hodder and Stoughton, £9.95, 256 pages) is a meticulously researched investigation into cricket's headquarters and the most important club housed there. Geoffrey Moorhouse was given both access to the archives and assistance from the MCC. This has enabled him to explain the position, and the development of the four autonomous, frequently acrimonious tenants at Lord's, the TCCB, NCA, Cricket Council and the Middlesex CCC. It says much for his skill as a writer that he is able to make this so readable. The most interesting sections deal with how an autocratic organisation with the highest standards is coping in a modern world without them.

As I Said at the Time (Collins, £14.95, 560 pages) is a bumper anthology composed of the writings of E. W. Swanton. These have been carefully selected by George Plumptre. "Jim" Swanton is an outstanding cricket correspondent, at his best when he describes what happened rather than what he felt should have happened as that is usually predictable. His book covers a wide variety of cricketing subjects, and is of special interest for anybody who has followed first-class cricket since the war.

Another readable collection *A Word from Arlott* (Pelham Books, £9.95, 240 pages) consists of a chronological collection put together by David Rayvern Allen of John Arlott's broadcasts, commentaries and other writings. Although mainly on cricket, these also cover various other subjects. Arlott is the best painter of instant pictures with words I have ever encountered. Although this is apparent in the book, cold print cannot, alas, capture that unmistakable, much imitated Hampshire voice.

The Kennedy clan celebrate Jack's Presidential victory—from Jacques Lowe's book reviewed below

Fallen idol

BY ANTHONY CURTIS

One Brief Shining Moment: Remembering Kennedy
by William Manchester. Michael Joseph. £14.95. 280 pages

Kennedy: A Time Remembered
by Jacques Lowe. £20. Quartet. 272 pages

It is 20 years since Dallas and the Kennedy legend has by now well and truly entered the coffee-table domain, as these two latest tomes testify.

William Manchester knew Kennedy when they both emerged in 1946 from combat duties in world war two. He remained a close friend until the assassination. He is the author of *Portrait of a President* and of the authorised history, *Death of a President*. But Mr Manchester kept an anecdote or two back and now he lets them go in this readable, heavily illustrated album. The title — *One Brief Shining Moment* — comes from the musical *Camelot* whose full cast recording with Burton as King Arthur Kennedy would play, over and over again, on the stereo in his bedroom. It makes one wonder what he made of some of the other songs in the show such as "Fie on goodness, Fie," and "How to handle a woman."

Stylistically one of the odd aspects of the book is the author's way of referring to himself when describing scenes when he was present as "you." "If Jack took you on one of those tours which gave him so much pleasure [of the White House] in the closing weeks of that winter, you left with some grasp of what life there must be like." In spite of this *nouveau roman* approach to the narrative, a very human, not always admirable, main figure emerges. Mr Manchester's blow-by-blow prose conveys a whiff still of the excitement of those years.

Kennedy: A Time Remembered is, by contrast, basically a photographic archive by the President's official photographer, with a text printed alongside in the form of a series of extended captions. Some of these black-and-white stills are wonderfully sharp. The record continues after the death of Jack well into the era of Bobby. The two volumes will serve the ordinary reader with an adequate record of the basic facts and remain with him long after the images from the television screen have faded.

Iron bars

BY BRIDGET BLOOM

Prison Diary, Argentina
by Simon Winchester. Chatto & Windus, The Hogarth Press. £9.50 (paperback £3.50). 219 pages

To be detained by the police of a foreign faraway country simply because you are doing your job is one of the most unpleasant experiences of any journalist's life. The knock on the hotel door, whether with knuckles or rifle butt, the curt demand to accompany a surly official as you land at some desolate airport or the slow softening up by plain clothes police following and photographing you before the final pounce: which ever way it comes, it's nasty and frightening and demeaning all at once.

In 20 years of journalism, most of it in Africa, I have been detained four times, all, mercifully, for short periods. Simon Winchester's detention was for considerably longer: in Argentina for the Sunday Times, he and Ian Mather and Tony Prime of the Observer spent 77 days in jail in Ushaia—a remote town in southern Argentina—the whole of the time the Falklands campaign lasted, and a bit more.

One has every sympathy with the three men: they were hoping to cover the conflict; instead, they were arrested and spent a miserable and often alarming time far from their job and offices, their homes and families.

Winchester chronicles how they got on each others' nerves, hoped and plotted for release, read books, listened to Falklands news on the BBC world service, received letters from home . . . and from ordinary Britons, "students, housewives, elderly ladies, civil servants, a dog-breeder, several vicars, inn-keepers, gardeners." They all (says Winchester) "took the time and trouble to sit down and, for page after page, write words of sympathy and friendship to three men quite unknown to them."

This showed, Winchester says, "an essential goodness in our [British] community"—and maybe it does.

But does it justify a book which neither adds to the general knowledge or appreciation of the Falklands affair nor to what one may perhaps be forgiven for terming "prison literature"? In my judgement the answer must be "no." Sometimes what happens to a journalist outside the job he is paid to do is of general interest, but not often.

Convent girl

BY SARAH PRESTON

As Once in May
by Antonia White, edited by Susan Chitty. Virago. £10.95. 340 pages

They say that most first novels have an autobiographical element. Almost everything Antonia White wrote, including two beginnings of an unfinished novel and some short stories included here, was based in documentary detail on her troubled life.

As a consequence these pieces and the fragments of her actual autobiography which her daughter Susan Chitty has assembled in this book bring no surprises. The Catholic convent, her dominant father (the classicist Cecil Botting), her aunts in Sussex, the advertising agency where she met Tom Hopkinson the second man she married, and even her period in a mental hospital, are painfully brought to life again. The pick of the book is her essay "A Child of the Five Wounds" reprinted from the anthology of school memoirs, *The Old School*, which Graham Greene edited in 1934, the year after she had first incarnated those experiences in *Frost in May*.

The autobiography spans only her earliest years. There are certainly some new details about her precocious childhood, seen through the prism of the Freudian analysis she underwent later in life. Particularly touching and funny is her relationship with the beautiful Gérard who asked her to marry him when he was seven and she was four. They remained, in secret, Mr and Mrs John Barker of Kensington for years. But the essential enigma raised by this posthumous draft is why a child who lived in a fantasy world grew up to be a novelist who never invented.

Grim and Gallic

BY GAY FIRTH

The Fetishist and Other Stories
by Michel Tournier, translated by Barbara Wright. Collins. £8.95, 220 pages

Michel Tournier: hit and myth

Michel Tournier is an author to conjure with in English nearly as readily as in French. His novels win the most prestigious literary prizes — *Friday*, his first, received the Grand Prix du Roman from the French Academy; *Erl King* took the 1970 Prix Goncourt. They are translated into English almost at once. Unusually in these islands, where we look sideways at "foreign" novels in suspicion bred of the belief that they are likely to be more "difficult" than literary fiction originating in our own tongue, his dark, disturbing stories have a following.

They deserve it. But they are demanding, and they remain very French, even in translations apparently smooth, elegant and easy on English eyes. This collection of 14 short stories—some very short indeed, others up to 40 pages in length—reflects the powerfully subversive characteristics of contemporary French fiction in general, M Tournier's in particular.

He picks apart ancient themes, putting them together again at acute angles. He takes fanciful grotesqueries from children's fairy tales and twists them into alarming adult realities. These stories are a danse macabre, spotlit by surrealism; funny, but not fun. Spiralling into his characters' obsessions, M Tournier's own preferred preoccupations are by no means everybody's preferred bedtime reading, even in France:

> "There's nothing more ridiculous, in my opinion, than the new form of prudery that is shocked by death and by the dead. The dead are everywhere—starting with art."

"The Adam Family" is a convincing reshuffle of the Genesis account: opposing natures built into human beings from their origins; conflict between our restlessness and our need for relaxation. (The restless, it seems, can exhaust even God.) "Robinson Crusoe," now restored to society, pines for his desert island, but keeps missing it in his search, unable to recognise terrain which has aged as he himself has aged. "Tom Thumb" wears dream boots in his 23rd floor apartment in the Mercury Tower, seeking escape from a Paris blighted by development, into a Paradise of living trees.

Dwarfs, ogres and woodcutters people a world of transformation scenes set in new perceptions. Images and counter-images of sexuality, illusions and delusions of modern life spin like coloured balls in the hands of a juggler. "Prickly," a little boy frightened and disgusted by the idea of becoming a man, is a story which will not be read twice: not even M Tournier's magical description of a child's perspective can soften this mutilating story. "The Fetishist," last in the sequence, is an ex-soldier whose harmless attachment to frills and flounces finally condemns him to a madhouse. "And then there was the business of Mademoiselle Francine's bra, which wrecked everything."

It is a mad world, my masters; made madder by man's failure to recognise what is mad and what is not. M Tournier makes us think about that. He has a fascinating box of conjuring tricks.

Missing lira

BY DUNCAN CAMPBELL-SMITH

The Calvi Affair, Death of a Banker
by Larry Gurwin. Macmillan. £8.95. 249 pages

It must surely rank as one of the greatest frauds in modern history: between 1974 and 1982, the biggest private bank in Italy siphoned several hundred million dollars out of the network of international banks conveniently known as the Euromarket. It was a fraud because the money was handed over, with scarcely a question asked, on the presumption that Banco Ambrosiano would use it in the furtherance of its normal banking business. This, alas, was never its real intention.

Instead, the money was spent on constructing — and, later, attempts to shore up — a clandestine alliance between Banco Ambrosiano and the financial authorities of the Vatican. The story of this alliance and its nefarious connections is the real subject of this latest book on Roberto Calvi, the chairman of Banco Ambrosiano found dead under Blackfriars Bridge in June, 1982.

Calvi welcomed the alliance as a means of consolidating his own personal power over the bank as well as a unique power base for its future expansion. The Vatican appears to have seen Banco Ambrosiano as the indispensable public tool of its private machinations. The two sides were brought together between 1969 and 1971 by a third party: that quintessentially Italian underworld of freemasons and mafiosi, which stood to gain by playing the bankers off against the priests to its own advantage.

All three parties prospered through the 1970s from an alliance cemented rather than undermined by the collapse in 1974 of Michele Sindona, the Vatican's erstwhile chief financial operator. But two basic weaknesses were always likely to cause the whole elaborate set-up to disintegrate.

Ambrosiano subsidiaries bought their own shares, exported capital funds and evaded Italian taxes in scores of separate transactions. The authorities were fully aware of this, particularly after receipt in November, 1978 of a damning analysis from the Bank of Italy called the Padolino Report. The alliance counter-attacked fiercely in 1979, but judicial pressure built up remorselessly — putting intolerable strain on Calvi at the centre.

Second, the arrangements involved Banco Ambrosiano being acquired in the Milan stockmarket by a chain of nominee companies. Based largely in Luxembourg and Panama, the companies were funded by those borrowings of Ambrosiano in the Euromarket. Unfortunately for them, the mismatch of lira assets and dollar liabilities proved disastrous once the dollar began its rapid appreciation against all other currencies in October, 1979.

The clock ran out on both counts in June, 1982. In the ensuing drama, Italy itself lost many friends in the international markets, some Western banks lost a lot of money and Calvi himself lost his life. This latter tragedy, whether murder or suicide, begins to look in retrospect like the inevitable price of his years of power, a re-enactment of the Faustus legend in more ways than one.

In this absorbing account, Mr Gurwin takes a hard look at those who played Mephistopheles and Lucifer to Calvi's overweening ambition. He is less interested in the Padolino affair, for example, than the links between international intelligence agencies, the notorious P-2 freemasons' lodge and the Vatican.

Against this background and drawing extensively on evidence from Calvi's own family and details of the banker's last days, he leaves the reader in little doubt that Calvi was murdered —a conclusion already drawn publicly by some members of the coroner's jury which returned an open verdict last June. As Calvi's son is quoted saying, in one of the book's very few understatements, "Unfortunately, Papa went around with strange types."

Why they are going to Goa

WHEN Mrs Thatcher sweeps her way from Goa's Dabolin airport she might spare a thought for local drivers. They are, I was assured with knowing Goan winks, finding it difficult to adjust to driving on the smooth metalled roads which the Indian Government has been feverishly laying during recent weeks. "Don't worry," says the local joke. "When the dignitaries have gone, the potholes will come back and we can return to normal."

Goa, you see, has been favoured as the retreat for the Commonwealth Heads of Government after they have finished their business session in Delhi in a little over one week's time. For those who know and love this magical little corner of the sub-continent it is a bit like the local restaurant getting a Michelin rosette—as a friend you are proud, as a customer you hate the rush that the headlines are bound to produce.

Mr and Mrs T will be staying in a small cottage on a hillside above Fort Aguada. It is one of 27 such properties which the fast growing Taj hotel group has recently been building and has a remarkable view of one of the world's most spectacular beaches—mile after mile of almost deserted white sands with tall palm trees dipping towards the ocean. If Mrs T is a keen bather she will, however, find the trip to the sea a healthy walk, because the cottages are loftily placed, perfect for the view and security, but not ideal for a quick pre-breakfast dip.

It is going to be a nice piece of diplomatic testing for the Indian Government to decide just which head of government gets which cottage. In theory, again for security reasons, it will be almost a lottery. But the cottages are built on terraces, and which PM wants to be looked down upon by another?

Fort Aguada could hardly be safer for an elegant retreat. Originally a Portuguese fortification it has the sea on three sides and forest on the fourth. The route to the outside is either by helicopter, boat—but the sea is too rough for several months of the year—or a narrow lane. It is called Aguada because it has its own water supply—don't worry, Mrs T, the old wells are not enough for a modern hotel so more is piped in and there is an ample stock of bottled stuff for tender British tummies.

The cottages are the third, and most elegant, phase of the Aguada development. Taj also has a resort hotel and a holiday village which is right on the beach. The village is much used by Indian honeymooners and has simple villas dotted among the trees. You are closer to the beach there, but there is no air conditioning and the restaurant, which is virtually open air, has its menu written daily on a blackboard. If the premiers could escape from the exotica of the hillside I would recommend an evening under the stars down in the village complex. The pork vindaloo, a local delicacy, is splendid but perhaps a little vinegary for Downing Street tastebuds.

The thought of pork in India might seem odd, but Goa has, of course, a long, if painful, Roman Catholic tradition. The locals learned their religion and thus some of their eating habits under the stringent discipline of the Inquisition. Thus pigs abound and even beef can be found on menus. In fact, wandering the lanes of Goa is at times more like being in the Caribbean than India. Here is a land of little wooden houses set among trees, each with its own fruitful patch with bananas growing on the trees, and pigs, chickens and dogs scratching away the day amid the dust and undergrowth.

I bet Mr and Mrs T will make the journey to Fort Aguada by helicopter. In this fashion it is a brief but spectacular journey over a rugged coastline which will help to demonstrate how the Portuguese managed to cling on to the region for so long. Such a trip will rob the Thatchers, however, of a lengthy but intriguing road journey which until this month sometimes took two hours, so tortuous and narrow was the route, so bad the road and so ancient the transport. Now the road has been widened (and a few local residents who lost age-old front porches in the process are less than pleased), the surface smoothed and new air conditioned coaches have been bought for tourists. That's progress.

Another bit of progress is the installation of a new Plessey electronic rural telephone exchange which a few weeks ago was in boxes which I could only admire enviously

A Goan boatman: the country is at times more like being in the Caribbean than in India

Glyn Genin

TRAVEL

ARTHUR SANDLES

while trying to use the old system for my conversations with the FT. The speculation is that once the heads of government go, so will the Plessey magic boxes. Perhaps one of the nice heads of government will pay for it to stay there.

While on the subject of communication I would urge Mr and Mrs T to take their shortwave radio with them. Reception of BBC World Service is reasonable, particularly around breakfast time. In that part of the world, however, the dial is dotted with powerful Russian stations beaming their message south—from the mountains of Afghanistan one assumes—and since Radio Moscow is these days a copycat in presentation of World Service there can be confusion. Such difficulties are, however, but brief. Radio Moscow has yet to come up with an *ersatz* Just a Minute, or Lord Peter Whimsey.

The Prime Ministerial visit will be brief, and dotted with official, if relaxed, functions. If she and Mr T could get away for a few hours, however, they would find it worthwhile. Goa is an extraordinary mix of Indian and Portuguese cultures and architectures set in a gentle, fertile enclave on the shores of the Arabian sea.

It is about 250 miles south of Bombay, the route by which most overseas visitors approach. From there or from Delhi the difference between Goa and surrounding India is apparent and striking as the aircraft flies in low on its approach. After the brown stretches of the rest of the land, Goa springs up as green, cool and welcoming.

Velha Goa, with its old Portuguese churches and sleepy atmosphere, is the centre of the former colonialists' power. Today the capital is Panaji, itself quiet by the standards of the Indian sub-continent, as worth visiting if only for the splendid colonial houses of the old rulers. Perhaps by the standards of other parts of the country the sight-seeing is not remarkable. Goa's atmosphere is more attractive than its spectacles. It is the cool vegetable to accompany the spicy meats of the rest of India's touristic cuisine: those simple pastel washed houses with their tempting porches and lush gardens. Goa is clearly a land where life can be of a somewhat less stringent nature than elsewhere in the region.

"Our problem," said one local Goan to me, "is that the land is more fertile here, the weather is better and we have not had to fight so hard. That is why outsiders (and by this he meant people from Delhi and Bombay) have found it so easy to move in and outsmart us." It is the old carpet baggers' story again.

And so, Mrs T, you go to Goa with a measure of envy on my part. After the rigours of New Delhi it is a restful retreat indeed.

PS The local gin is OK, but take your own Scotch or wine. Don't drink the local hooch, Feni, unless you have lost your sense of smell and want to lose your sense of taste as well.

● Further Information: Cox and Kings Travel, 46 Marshall Street, London, W1V 2PA. India National Tourist Office, 21 New Bond Street, London W1. British Airways has regular flights to Delhi and Bombay. Taj Hotels now has properties in London. One of them, Baileys at Courtfield Close, London, SW7 (opposite Gloucester Road underground station) will provide information about other Taj Hotels, including Goa. It also boasts one of London's best Indian restaurants, the Bombay Brasserie as a sampler of gastronomic joys to come in India itself.

Who are the road hogs?

MOTORING

STUART MARSHALL

LET ME start by declaring an interest. In the early part of this year I twice drew bad numbers in the speed limit enforcement lottery.

It was 15 years and at least 300,000 miles since I had last been pinched for speeding and I have never been summoned for any other offence in more than 30 years of driving.

The policemen were courteous, even jocular, on both occasions, and I pleaded guilty by post. The penalties—£22 on the first occasion (45 mph in a 30 mph limited road with open fields on one side), £30 on the second (8d mph on a motorway standard by-pass)—were reasonable. The six penalty points on my licence mean much more than the fines.

End of story? Not really. In truth, I feel both puzzled and slightly aggrieved. And not just for myself, but on behalf of tens of thousands of other motorists like me who have been—or will be—caught by police radar.

I reckon I am a responsible and considerate motorist. My car is never untaxed. I insure it comprehensively and have it maintained in perfect condition at considerable expense. I would not have it any other way.

Of course, one shouldn't speed. But almost everybody does at some time or other. On week-day motorways, 80-85 mph seems to be the going rate when conditions permit for a substantial minority of drivers, many readers of this column I dare say among them.

Speed, we are constantly reminded, is dangerous. I take the view that speed by itself is not dangerous; only road conditions may make it so.

A Jaguar XJ-S at 120 mph is neither dangerous nor illegal on a German autobahn but at 70 mph on a British motorway that was rainswept, foggy or overcrowded, the Jaguar (or any other car) could be very dangerous indeed.

In the same way, 30 mph can be grossly excessive in a built-up area when, say, schools are turning out.

So where do the police set up their radars—in accident black spots or on stretches of road where breaking the speed limit is clearly dangerous and irresponsible? It would be nice to think so but in by own experience, the reverse is true.

The best place for a radar to pull in plenty of victims and generate some revenue for the police authority is on a clear stretch of road. A large number of drivers will be caught exceeding the limit because there is no obvious reason—other than respect for the law—not to do so.

Is speeding a particularly heinous offence? Some police authorities appear to believe it is. It took a pair of Ford Granada pursuit cars, a Ford radar van and at least three constables to catch me one Sunday morning, breaking the limit on an almost deserted semi-motorway.

But what of enforcement of the law relating to potentially serious offences? We were recently told that at least one million cars were in use uninsured, unlicensed and not having MoT test certificates.

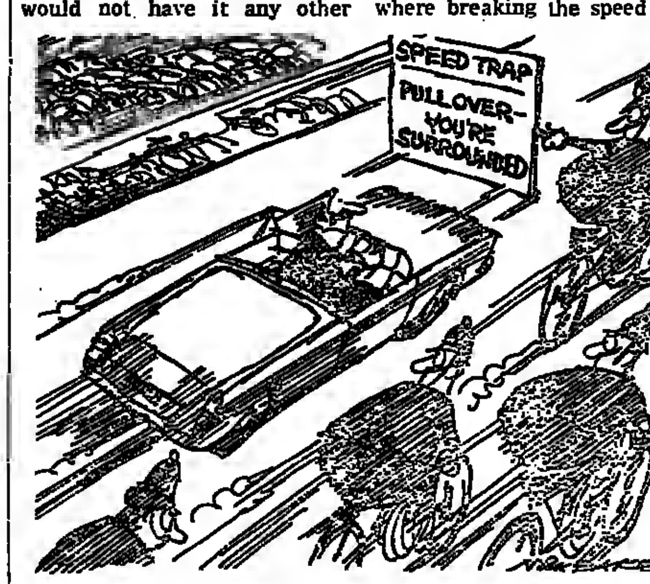
Being involved in a crash with an uninsured car is a desperately serious matter for the victim. In London, it is now routine for the first vehicle to arrive at a red light to keep going — I've nearly been rammed in the back more than once for stopping. Is this of no concern to the police?

Halt signs, once respected, are now blatantly ignored, apparently with impunity. Many cyclists have no lights at night. Drivers still break the law by driving in fog on parking lights, or none at all.

One constantly sees cars with only one headlamp working, or putting pedestrians at risk with body panels rust-rotted and as jagged as saw blades. Are these things of less importance than speeding?

It is a personal view—but might not a greater concentration of police time on these offenders produce more safety benefits than taking the easy option of setting up a radar where a steady supply of no trouble, fine paying victims is assured?

Opinions, please, from both sides of the radar set.



An ill wind on the river

FISHING

JOHN CHERRINGTON

ACID RAIN has been much in the news lately. In broad terms it is the result of burning large quantities of coal and oil giving off sulphur and nitrogen which are discharged into the atmosphere, become acidic and are absorbed by moisture. This contaminates the rain so that it too becomes acid. In general rain is alkaline. After heavy rain or snowmelt the rivers become acid too, resulting in the death of fish and plant life, and to some extent, it is believed, of trees.

But it is not thought that the acidity alone is fatal. Should the rain fall on land with a chalk or limestone base it will do no harm, but on granite or other non-alkaline rocks the acid action can liberate trace elements of aluminium, manganese and other minerals which are toxic, especially to ova and very young fish which haven't the resistance of mature fish.

So far in Britain there have been few known instances of this pollution; the main victims have been in Scandinavia, Canada and West Germany. The culprits are the industrial regions of the U.S., Europe and Britain herself. Because of the prevailing southerly and westerly winds the acidity generated here is carried overseas. The pollution was recognised in Manchester more than a century ago when vegetation downwind of industrial areas was seen to be suffering. This was cured by techniques to disperse the gases high into the atmosphere and once out of sight, out of mind.

It is a bitter irony that the various measures for cleaning the air in industrial Britain recently appear to have increased the degree of rainfall acidity, not only in Europe but more closely at home. Instances of this were given at a recent conference organised by the owner of the Two Lakes Fishery near Romsey. He is Alex Behrendt, the doyen of lake trout fisheries in Britain. The conference was addressed by scientists from Canada, Norway and Sweden—all experts on the subject of acid rain.

We were told about the dramatic effects of acidity in rivers and lakes in those countries. They had become dead, devoid of all life. Then

Mr Graham Gordon who has a fish farm in New Galloway in Scotland said that the increasing acidity of the river and burn feeding his fishery was causing him the greatest concern and loss. On one occasion after a snowmelt spate, 20,000 fish died. He thinks the problem is getting progressively worse, particularly from a south easterly wind which seems to point to pollution from Lancashire and the West Riding.

Mr Gordon's solution will be to install a device to monitor the acidity of the water entering the fish farm, which would automatically add lime to the water when the degree of acidity rises. He thinks that it would only need to operate for 20 or so days a year. But while this may be an economic solution on a fish farm it would be difficult to apply to a wider area.

A speaker then described what had happened to some hill lochs in the same area. A hundred years ago they had been noted for their fishing prospects and some had the ruins of old fishing lodges on them. The lochs were now barren of fish and the streams feeding them would not support smaller trout. Attempts had been made to rectify the problem with the use of lime but as had been found in Scandinavia and Canada, the economic costs of liming vast stretches of water put it out of reach as a mass cure.

There was less apprehension about the effects on forestry. It was pointed out that the life cycle of trees in the affected areas in Britain was about 50 years. In Germany where there is evidence of tree destruction the average age of the trees was 150 and old age could have had a part in the process. What every speaker wished to see was "action taken" where the problem originated: the power stations, industries and the internal combustion engine.

But this is much easier said than done. A spokesman for the Central Electricity Board was reported to have said on TV recently that his board could not be expected to increase power costs by 15 per cent to save "a few fish in a few lakes."

But I am becoming convinced that the present examples of acidic pollution are only the tip of an iceberg. Not only does the environment suffer, but it appears to be a cumulative process spreading to trees, buildings, farmland and so on until the whole environment becomes changed out of all recognition.

The pity is that those countries causing the worst pollution suffer the least of its damage. If the boot were on the other foot the general attitude would change.

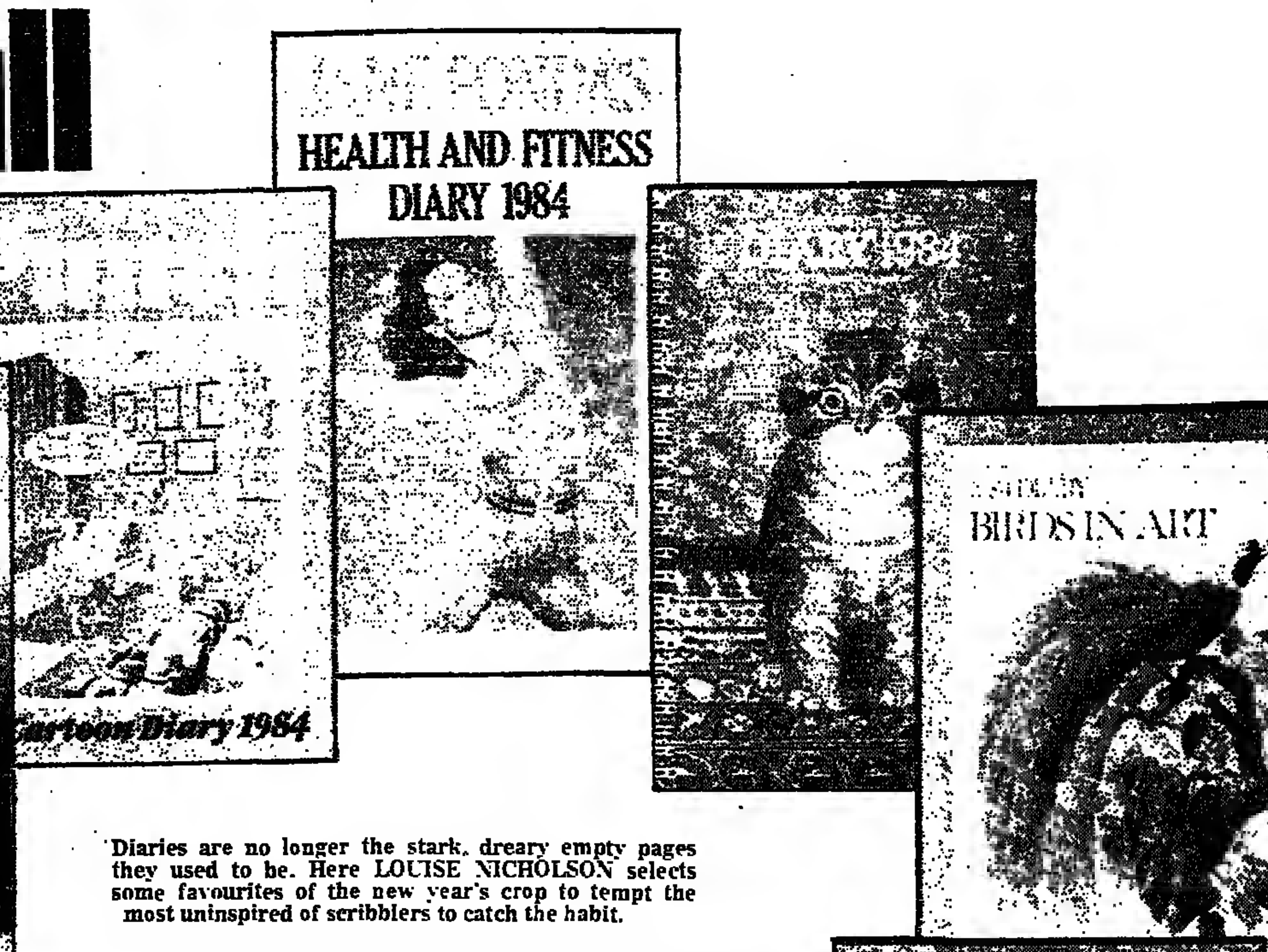
COMPANY NOTICES

NOTICE OF MEETING
SAVERS ASSURANCE SOCIETY

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office, 269 Park Road, Oldham OL4 1RT, on Tuesday, 6 th December, 1983 at 10.00 a.m. when the following Amendments to Rules will be considered:
1. Amendment to Rules 7, 11, 23 and Paragraph 6 of both Table SA1 and Tables SA1B.
2. The inclusion of an additional Rule to be numbered 27A.

By Order of the Committee of Management
J. PUDDIFOOT, FCIS.
Secretary.
16th November, 1983.

A diary for all reasons



Diaries are no longer the stark, dreary empty pages they used to be. Here LOUISE NICHOLSON selects some favourites of the new year's crop to tempt the most uninspired of scribblers to catch the habit.

A DESK DIARY, like a car, reveals a lot abont its owner. The businessman needs a reference book. The daydreamer wants to escape into pictures. The enthusiast is hungry for tips on his bobby. A diary can help plan the future or record the past. Once you have decided what sort of diary you want, there are many to choose between. They make excellent Christmas presents and W. H. Smith, the General Trading Company, Sloane St. London SW1, and other department stores stock a wide selection.

Tbe office diary is an essential gadget, like the calculator and the telepbone. The **Creative Handbook Diary** (£9.95 from Hatchards, Piccadilly, London, W1) serves the world of advertising and communications. Monthly feature articles on video techniques, home computers and, for June, the history of graphic designs for the Olympics are followed by a directory of media, printing and video companies throughout Britain. The section on restaurants has a tempting competition: to identify restaurants from photographs — a good excuse for extra business lunches.

The **Economist Diary** (£20) and the **Financial Times Diary** (£11.95) are huge, leather-hound survival manuals. The diary pages are sqneezed between an encyclopaedia of facts, figures, charts, maps and street plans of capital cities. World-wide information jostles with facts such as how much haddock was landed at Ullapool in 1981 and how many calls from public telephone booths were made in 1938, both supplied by The Economist.

The FT reminds readers that June 4 is Emancipation Day in Tonga, supplies a trilingual dictionary of business phrases and provides a double century calendar to calculate the exact date of your appointments up to the year 2110.

The squishy, leather-bound **Collins Executive Diary** (£14.25) keeps information to a minimum but insists, like all the others, on chopping the day into morning, lunch, afternoon and evening in equal parts, a bit depressing for tbe less social. But the **Letts Page-a-Day Appointment Diary** (£4.05) is for the true workaholic. The pages are printed up for meetings from 8 am to 6 pm, even on Sundays.

Picture-book diaries give no hint on the state of the economy or the structure of a day. They provide moments of escape from the worldly obligations noted on the opposite page. Most of them are quality, hardback books produced by museums and societiea and available directly from them, with full-page pictures and minimal information.

The **Tate Gallery Diary** (£4.25 and always sells out quickly) reproduces only 12 paintings from its collection, including a Hockney, a Sickert and a Matisse which is also on the cover. Other art diaries follow the picture-a-week format. In the joint publication by the Museums and Galleries of Great Britain and the National Trust for Scotland the paintings, tapestries and objets d'art are chosen under the general theme of **Nature Through the Eyes of the Artist** (£4.75). **The National Trust's Diary** (£3.95 from National Trust shops) illustrates houses and objects in its care. Both have optimistic charts for recording favourite hotels, restaurants and journeys.

For the ornithologist, the **Natural History Museum Diary** reproduces paintings of birds (£5.95), giving more information on the bird than the artist. **The Royal Horticultural Society Diary** indulges gardeners with paintings by the distinguisbed Belgian flower artist, Pierre-Joseph Redouté (£5.95). A lily, rose or amaryllis greets every Monday morning when the page is turned. And next year's theme for the **Victoria and Albert Museum Diary** is the theatre (£4.95).

Tbe most beautiful of the picture-book art diaries is devoted to English artists, published by the **Royal Academy** (£6.95). Paintings by Gainsborough, Reynolds, Orchardson and Lear are reproduced with a short, often contemporary, commentary beneath. As the days of the week are omitted, it can be used in 1985, 1986, or 1987, or kept to record anniversaries and birthdays.

Some diaries cater for hobbies. Royalists should seek out the **Royal Year Diary** (Collins, £3.95) which reminds royal-spotters wbo's wbo, wben they should be lurking in Pall Mall, Windsor or Ascot and when they should post birthday cards. The **Francis Frith Collection** publishes its first diary next year, reproducing some of Frith's 19th century sepia photographs of Britain (£4.95). The **Cat Diary** prefaces each month with a painting by Martin Leman (£4.25) and the **Royal Opera House Diary** (£9.05) provides opera and hallet addicts with photographs of their stars in rehearsal and performance.

Londoners choose hetween the small **Living in London Diary** (£4.25), crammed with information, and the blank, page-a-day **London Diary** (£7.99) which has a daily anecdote and cartoon about the capital. Daydreamers can escape from the city's grime into the pretty **Country Life Diary** (£3.99) or **Country Gallery Diary** (£5.45) whose deep borders are alive with birds, butterflies, geese and squirrels, delicately painted by Sharon Jervis.

Some people love to be told what to do and diaries abound that give tips and instructions. **The Lady's Diary** (£3) lets every woman become a superwoman. Sections to fill in the dog licence renewal date and passport numbers are followed by instructions on how to deal with such events as a burst pipe or a sick child. There are even charts to record visitors' whims, favourite wines and where possessions have been put safely away—a gift for the burglar to stumble on. The superwoman gets extra space for weekend family outings and entertaining, hut no pictures.

Quite the opposite is Sara Midda's **In And Out of The Garden** (£6.50). She makes every page a charming mixture of gardening illustrations, verses, superstitions and tips. You hardly dare to write in it and should certainly not take it near the potting-shed. A more practical gardener's diary is **Popular Gardening** (£3). After 60 pages of solid instruction the diary pages give weekly reminders of what needs doing indoors and outdoors.

But to get fit without a garden, the **Jane Fonda Health and Fitness Diary** (£4.95), provides a harsh regime. The diary part is secondary to the detailed monthly exercise programmes and diet instructions, interspersed with encouraging photographs of the glamorous, fit, sparkly eyed Miss Fonda.

If the strain of life's timetable is too much, the **Puncb Cartoon Diary** (£6.15) brings new laughs every few days and the essentric Dodo Pad provides philosophers' quotes, nonsense drawings and gloriously useless facts. But perhaps future plans should be left entirely to chance and only the past committed to paper. Nazarene Gabrielli's very beautiful page-a-day Diary (at Fortnum and Mason, from £8.05) deserves the record of ao eventful life. If 1984 looks promising, the year's jottings can be kept for posterity in an elegant volume.

Cookery/Julie Hamilton

Standing room only

"The melancboly days are
come, the saddest of the year,
Of wailing winds, and naked
woods, and meadows brown
and sear."
(The Death of the Flowers,
W. C. Bryant, 1825)

THAT sums up my view of autumn. That is also why my mind turns to parties at this time of year and, it seems, I'm not alone in that.

I must first of all explain that I have recently had a mild change of beart. Until now I have never been much in favour of *the standing buffet*. Not being a dab band at chasing food round a plate with a fork, or breaking bread with one hand to mop up that delicious sauce while the other hand holds the plate steady, I am sure to end up with the food in my lap—even if I bave managed to find a sitting space on the floor.

On the other hand there are many people who love a buffet party because it means they can enjoy the company of far more friends than they bave chairs for. I have to agree that, during this melancholy season, I also wish to entertain and enjoy the maximum number of friends possible and I have already done so—with a buffet!

There are certain things to be kept in mind when preparing a buffet party. If you are inviting so many people that there really will be no chance of eating with two hands, remember to keep the sauces on the thick side: to slice the meat into manageable roll-up-and-eat or bite-size slices; to keep any salad containing peas or rice or beans on the moist side so that it slightly sticks together, thus making possible mouthfuls larger than two or three peas at a time; not to serve a green salad that contains whole crisp lettuce leaves wonderfully dressed which spring back and flick dressing all over the bosom.

If serving bread with any dish it is as well to have at least half of it already buttered (have you ever tried doing it single handed?). Garlic bread could be the answer. Do not feel it is necessary to offer a vast cboice of dishes because you cannot rely on people making a selection. They will tend to pile some of everything on to one plate. Just imagine prawn mousse mixed with pork afelia (a Greek dish of pork in red wine)! Do not be afraid of dishes that are tepid. It is slowly being acknowledged that most vegetables are at their best and most flavoursome when tepid.

Presentation matters a lot bnt not at the expense of taste. Please do not be tempted to coat cold dishes with aspic to keep them looking fresh. Try cling film instead. Unless the aspic is home made and an integral part of the dish it usually adds nothing to whatever it coats and probably masks a delicate flavour, even to the extent of destroying it.

Over the past years I have *written about* a number of dishes that are ideal for a buffet—for example, Parmigiana, Gravad Lax (dill pickled salmon) and Stuffed Sardines, Tails Up. These and others I have assembled in a free booklet (see details far right).

Your choice of buffet food will probably be influenced as much by the guest list as by the occasion. A large hnt informal gathering of chums, say after some sporting event, obviously does not require the same style and elegance as might a 25th wedding anniversary.

A Mexican bot pot with garlic bread is marvellous for a big informal party, easy to serve and eat. Or you might consider a huffet of stuffed vegetables only. The variety is enormous, the result is colourful and rewarding and it could be so arranged as to eliminate the need for even a fork, fingers being far easier.

Imagine stuffed jacket potatoes, courgettes, tomatoes, spinach (which in appearance resembles stuffed vine leaves), Cbinese leaves, cabbage, aubergines, mushrooms and, of course, peppers. Some should be served hot, some tepid and some cold. Meat, and or fish, can be incorporated into the various stuffings, wbich must all be very different from each other. The readily available colourful peppers from Holland make it possible to create a wonderfully festive display.

SEMI-SOUSED TURKEY
serves 20/25

I have recently been developing a recipe for Semi-Sonsed Turkey and I am ready to say if you intend to serve cold meats at a huffet this method with turkey is guaranteed to produce very juicy, succulent slices with a supreme flavour.

To cook this disb yon need a very large earthenware casserole. If you are planning turkey as the sole meat served you will need two.

2 approx 7/8 lb turkeys (frozen can he cheapest); 4 onions very finely grated; 4 large cloves of garlic finely grated; a good size hunch of fresh thyme; 1 sprig each of fresh sage, parsley and marjoram; 2 tablespoons salt (1 per hird); 4 tahleapoons lemon juice; 6 tahlespoons olive oil; 2 tahlespoons *wine vinegar*; 1 *pint white wine*; 2 tablespoons dark runny honey; lots of coarsely grated pepper and allspice. (If you cannot get any fresh herbs then use dried, but not too mucb.)

Heat the oil in a very large frying pan and seal the turkeys. This can be a bit awkward but if you put on good thick rubber gloves it is possible to keep turning the birds with your hands. When all sides are lightly coloured place the birds in large casseroles. Lightly fry the onions and garlic in the oil. Scissor the herbs over the turkeys, sprinkle on the salt, pepper and allspice, then add the fried onions and garlic.

Combine all the liquids and honey in a saucepan, bring to boiling point and pour over the birds. Cover and cook, simmering very slowly for about one and a half hours, turning the birds at least twice during the cooking time. Leave to cool slowly in the pot, do not open the lid or turn until completely cold. Allow at least 24 hours standing time, or longer, before serving, but duriog this time turn the birds often.

To serve, remove the skin and carve thin slithers, cut into narrow strips easily managed with a fork. Spoon over some of the sousing juices and onions. Tbe meat will be very tender and moist. The lentil dish given in the booklet is an excellent accompaniment.

MUMBLED RABBIT
Serves 20

I recently came across this dish when I was lunching at the newly-opened Dickens Room at the Bedford Hotel in Brighton where the menu is based on dishes that Charles Dickens migbt have eaten when he slayed there. Mumbled Rabbit is simple, very tasty and needless to say, economical. The rabbit is boned so that you do not experience the continuous irritation of small splinters in the mouth.

5 lbs rahhit diced and honed; 3 heads of celery; 6 eggs; 1 pint medium dry cider; 4 sprigs each of fresh thyme and parsley; 2 bay leaves; 2 scant tablespoons anchovy essence; 3 oz butter.

Waab and cut up the celery into one-inch lengths. Melt 1 oz of the butter and add the rabbit. Stir well to seal it all, then add the celery, herbs and more than enough water to cover it. Bring to simmering point and cook thus, covered, for 30 to 40 minutes. Ten minutes before the end add the wbole eggs to bard boil them. Strain the rabbit and celery. Discard the berbs, pnt the liquid into a saucepan with the cider and anchovy essence and reduce it by half.

Chop the hard boiled eggs finely, melt the butter and toss the rabbit, celery and eggs together over a gentle heat. Add the now reduced liquid, stir gently and adjust seasoning to taste. Serve hot with either rice or a sbort cut pasta such as penne.

If your buffet party is a serious celebration then I expect a cake bas been ordered. But if you intend to serve *cheese as well, remember* that eating cheese and biscuits with one hand, if you have to spread the hutter and cut the cheese, can he rather tricky.

How to send for your free buffet booklet

For readers who would like further ideas on buffet food the FT has produced a free booklet written by Julie Hamilton. The booklet *offers about nine recipes ranging* from the easy and economical to the luxurious and extravagant and catering for 15 up to 30 people. Send a stamped addressed envelope, 9ins by 5ins, marking it "Buffet Booklet," to Catherine Ineson, Publicity Department, Financial Times, 10 Cannon Street, London EC4.

Kennedy remembered

RADIO

B. A. YOUNG

Anyone would think that the most important thing President Kennedy ever did was to get assassinated. The BBC, which is a sucker for anniversaries, is celebrating, both on TV and radio, the 20th anniversary of Kennedy's death, though they did nothing that I remember for the 20th anniversary of his much greater achievement, to be elected. *The 1,000 Days of John F. Kennedy*, Radio 4's two-part documentary, began with the statutory question "where were you when President Kennedy was shot?" (For the record, I was in the Ritz bar with Henry Fairlie and Siriol Hugh-Jones. We made an excuse and left.)

It was, I thought, an admirable programme, level and fair. The voices of such contemporary eminences as McGeorge Bundy, J. K. Galbraith, Dean Rusk, Arthur Schlesinger and Theodore Sorensen brought a sense of intimacy. One thing Mr Galbraith said may well have corresponded with the world feeling—or the Western world feeling—about the Kennedy presidency. He said that in Washington there was "an atmosphere of friends," rather than the hierarchy he had dealt with when he served under Roosevelt. We all felt that Kennedy was our friend. That is why we remember where we were when we told of his death.

This first programme is where Kennedy's bad marks are scored—the Bay of Pigs invasion, and the involvement in South-East Asia that under subsequent presidents led to the disaster of Vietnam and America's only real defeat in war. The badness, or less badness, of them is more aptly assessed after the intervening 20 years.

The other important contribution to the season has of course been the Reith Lectures, given this year by Sir Douglas Wass on the topic of *Government and the Governed*. I have no intention of saying anything about these, apart from the fact that I found the first two of them very interesting when I read them in The Listener, which seems to me the best place to meet them, with time available to think about each point before relentlessly going on to the next. But the subject-matter is for amateurs of statesmanship rather than critics of drama.

There were two programmes during the week about the value of amateurs. Radio 4 gave us *Electromania Lives!* on Tuesday, and *The Spirit of Kitty Hawk* on Friday. This latter programme began with the Wright Brothers and Blériot. Am I saying that they were amateurs? Indeed I am. The Wrights were the sons of a Protestant bishop in Dayton, Ohio. There was no aeronautical industry to interest them; their interest was equivalent to the interest of athletes in setting up new records. When there were prizes available, they competed; so do athletes. Wilbur and Orville, indispensable to one another, spent every moment they could in creating a flying machine. True, when offered commercial contracts, they accepted them, but they weren't very much interested, and indeed were very poor businessmen. When the Smithsonian Institute *declined to give them the credit* for the first powered flight, Orville gave the first powered flying machine to the Science Museum in London.

Blériot was a different kind of man, but he was an amateur too and a better craftsman than a pilot. His first flight across the Channel ended in a crash landing. The programme went on to deal with Sam Cody, the former cowboy, and A. V. Roe, the creator of the Avro firm that, under one banner or another, went on producing aircraft almost up to the present day. Cody and Roe had the prospect of an industry before them, but their attitudes were amateur.

Electromania Lives, dealt with the kind of people who build computers capable of composing minuets, or who hold radio conversations by bouncing their signals off the moon, "the person," as Professor Neil Froude said, "who is obsessional about gadgetry, who likes to achieve things by construction." Electronics is the obvious channel for such people to work in, aviation having been invented and reached a state quite advanced enough for most of us.

You can, as John Wilson told us, buy a microchip for a couple of pounds: then the world is yours. NASA will launch an amateur satellite for you if you ask them nicely. You can bounce your radio signals off whatever heavenly body you like—one chap even does it off comets. You can build your own TV station or compose a sonata. If you compare a modern fighter-bomber with the Wright Brothers' first aeroplane, you can imagine what wonders the electromaniacs may land us with.

Antony Thorncroft on auspicious signs at the City's arts centre

Boom-time at Barbican box office

At last the Barbican seems to be coming good—at least in terms of audiences. On Tuesday night the start of the LSO winter season played to a full house. There was a similar capacity audience a week earlier for Steve Hackett. Ticket sales in the box office in October totalled £461,000, a 50 per cent rise on the £300,000 taken in January.

So Henry Wrong, the Barbican administrator, can contemplate a box office revenue for 1983 which had reached £4m by November 7 and should well exceed £4.5m by the year's end. This is encouragingly above target.

He is hard put to explain the up-turn. "I think one reason is that people are discovering that this is not a house of horrors. We noticed an improvement at the end of the summer; I think, with the long days, people wanted to go out somewhere, and they chose the Barbican. Many liked it, and we have created a new audience."

Henry Wrong: shaking off the "house of horrors" image

The new audience may not please the purists. It favours the light classics rather than new works (the LSO programme on Tuesday was all Chaikovsky), but its middle-of-the-road choice is supported by Wrong. "It is silly to sell only a third of the house in return for a reputation."

The Barbican's rival, the South Bank complex, is also following a populist approach, but, in the general desire of the public to go out on the town, both seem to be prospering with their more commercial repertoire.

Research has confirmed the "new" audience: 45 per cent of the concert-goers at the Barbican were paying their first visit to a musical event in 12 months. Promoters, such as Raymond Gubbay, have been quick to build on what might be called the "Friday night is music night" aficionados and, the 120 concerts he has promoted in the concert hall have mustered an average attendance of 90 per cent. In popular music Andy Williams, Buddy Rich, Dave Brubeck, the Silk Cut Jazz Festival and Victor Borge have all notched up capacity audiences. The original intention of the Barbican to hold the door fast against pop (and to promote a high proportion of its own concerts) is being modified by the box office imperative.

But all is not lost for the more demanding classical repertoire. In December the Vienna Philharmonic visits the Barbican as part of a centenary festival to celebrate Webern. Bookings are encouraging and to stimulate attendances further Olivetti is devoting much of its financial support for the festival to advertising the programme.

The City connection is at last paying off for the arts centre. Among current sponsors are American Express, Rank Xerox, Harvey's of Bristol, Bank of America and Hill Samuel. Master Planners Kitchens supported the LSO's opening concert and the Nat West is backing the English Chamber Orchestra. All told, £300,000 in business aid will help the Barbican to reduce its deficit this year. In addition the Royal Shakespeare Company is very successful at getting industrial backers for the theatre—£136,000 last year (including Stratford). It has just attracted £60,000 from Royal Insurance to sponsor a week of cut-price theatrical prorms for the younger generation next March.

The Barbican thinks it has got over its teething troubles. Some of its original ideas, such as early starts to encourage city workers and repeat performances of concerts, do not seem to have worked. There is also more caution over internal promotion of concerts and experimental works. The LSO is adopting a more popular repertoire for its three seasons in 1983-84. The Barbican is appealing to those who want a good night out rather than an uplifting experience.

This is reflected in the attention being paid to the catering arrangements which have become very profitable. A new chef has worked wonders for Cut Above, the quality restaurant, which is now heavily booked. Bread is baked on the premises; meat no longer arrives cooked. As a result catering turnover is set to top £2.5m this year, and to cope with demand the restaurant is being closed early in 1984 to improve the kitchens.

While the resident orchestra, the LSO, has had its problems the RSC in the two theatres is on the crest of a wave. Its attendances at the Barbican in its first year were 86 per cent of capacity. This season they are higher, with even new plays such as *Maydays* almost playing to capacity.

Maydays reflects another new characteristic of the Barbican—late booking: it has a high percentage of seats sold on the day of performance. This is also happening at the concert hall. For Paul Tortelier last Sunday half the audience bought tickets at the door. This trend was first noticed at the London Philharmonic concert on October 2 when a surprising 25 per cent of tickets went on the day to produce an unexpected capacity house.

With all these fillips the Barbican is starting to plan for a more prosperous future. It is building a covered art gallery on the concourse and opening the conservatory to the public: it will sell flowers and plants there. There are still the basic problems: the arts revenue may be above target, as are trade exhibitions, but the conference side, which was planned to subsidise the arts, is facing a tough quarter. On top of the £153m, which the Barbican cost to build, the City still has to subsidise its activities.

But with 1.5m tickets sold since the April 1982 opening and 2,800 sold daily in October (as against 1,800 in May) what threatened to be an unattractive and costly pimple on the face of the City is turning into an opportunity to make this part of London better known and liked by the world at large.

Plain person's guide

VIDEO

NIGEL ANDREWS

"Stamp on his foot," says the self-defence instructor. "kick him in the ankle or—if you're feeling really energetic—kick his knee-cap."

The days of the lonely browse through indecipherable Teach Yourself volumes are over. The self-improvement industry, from ju-jitsu to jury duty, has now marched into the video empire and taken it over lock, stock and picture-search button. The day is nigh, if not already here, when you can learn on video any art, craft or sport of your choice. Which is welcome news to some one like me, one of whose adolescent memories is of having dragged myself pitilessly through the thickets of a Teach Yourself Shorthand book, from which I learned nothing at all except a lasting fondness for long-hand.

Among the busiest self-help disseminators today are OVS Video. They produce plain person's guides to everything from pottery to yoga, and even including a cassette for women on self-defence against rape. *Hit Back!* is a terrifying two-hour training session which if widely popularised, would surely turn all rapists into gentle flower-collectors.

Chris Biffen, a cheerful cockney, is our host and demonstrator, and with the help of his friend Tyrone and several female volunteers, he shows us how to discourage every unwanted advance from sudden knife attacks in a lonely park to the insistent hand on a hitch hiker's knee.

Poor Tyrone, standing in for rapist, gets all the dummy (or not so dummy) punishment. This tends to vary, as demonstrated by Biffen, from sharp jabs to the groin with the flat of the hand to sharp jabs to the groin with the raised knee or foot. In extreme danger Biffen has this to suggest—"Emit a loud Donald Duck noise as you parry his knife hand." There is also the fearful "Tiger Claw" grip: applied, once again, to the root area of the female's disaffection.

Male viewers, of course, may scoff or shudder, according to taste. But female viewers should find this course prodigiously useful and very well demonstrated.

Also on OVS Video you can learn Yoga from Sissel Fowler. On the few times that I've tried it, Yoga has always seemed to me less relaxing than smoking and considerably more dangerous to the health. But it holds no terrors for the Norwegian Miss Fowler, who in *Yoga For Health* gives us 104 minutes of elastic masochism with a group of willing guinea pigs. "Clench your buttock muscles and this brings the tailbone up." Or, if you throw wide your arms, stick your tongue out and pop your eyes, you will find yourself in the Lion Position. "This pose is said to prevent sore throats," says Miss F.

Yoga is a wonderful arcanum for the casual viewer, and presumable a solace to the devoted; and once again OVS do proudly by both.

Moving on to the arts and crafts, we next meet the wind-blown Lesley Williams, a female potter found in or near Abingdon. At 168 minutes *The Complete Potter* is of characteristically stintless duration (none of OVS's manuals last less than feature length) and again it mixes homely visual presentation—an expert, a bit of basic lighting, a supply of clay and thou—with clarion clarity of exposition. Miss Williams, despite an occasional tendency to look past the camera for encouragement, is cheerfully no-nonsense. "This clay," she says, picking up a large grey lump, "is for throwing." And she goes on to show us how to throw (potteristically speaking), to fire, to glaze and decorate, and how to mould with your hands just about everything from a coil pot to a candelabra.

Lastly, why not join Duncan Killen on *Painting for Pleasure?* Mr Killen, like all the OVS presenters except the rape-deterrent Mr Biffen, has a lovably unglossed personality. Grey-haired, patient, sweetly angelic of manner, he's like Prince Mishkin caught with a paintbrush.

Director of Sunningwell School of Art, Oxford, he wins my lifelong loyalty by saying "Nobody wants to sit and paint every leaf of a tree." And he shows us how a single eloquent landscape—a river scene near Oxford—can become the subject for a whole cluster of different approaches: realism, surrealism, fantasy.

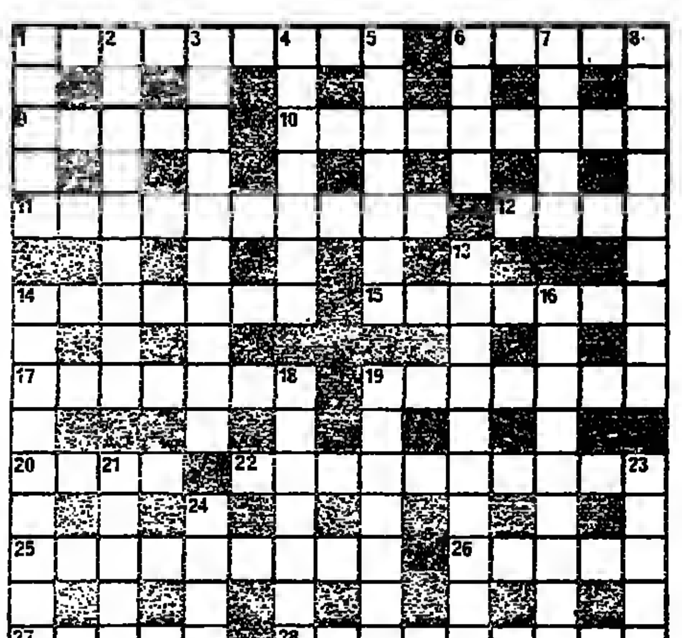
As always on OVS, you avoid being deterred either by the uncompanionable austerity of books or by the over-jolly hype of normal TV presentation. Instead you're with a friend who's dedicated to your improvement but won't treat you like a backward child or a goggle-box idiot.

F.T. CROSSWORD PUZZLE No. 5,273

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name Bakir Mahammad Al Baue

Address Amman - Jordan



ACROSS

1 Instant (4,5)
6 Former pupil with drink inside her is a dowdy one (5)
9 Part of petunia and others (5)
10 Hour passed in conversation (4, 2, 3)
11 Beloved takes in sound of horse in place of tea (10)
12 See 6 down
14 Vegetable for drunkard outside building (7)
15 Permanent — bad rule possibly (7)
17 Corpse: no gentleman is required to make a statement (7)
19 Enthusiast for food and trumpets? (7)
20, 24 down Actors club together and produce watertight case (4, 4)
22 The spiritual has nothing to do with it (10)
25 Go too far across part of river? (9)
26 No doubt King John preferred his mead viscous! (5)
27 Sort of handy man of music (5)
28 He teases people among hills (9)

DOWN

1 Showing little enthusiasm when food comes up, being without a penny (5)
2 Put fat into ground and mix in other things (9)
3 Hot stuff produced by Malta novel (6, 4)
4 Demisemiquaver, possibly? Must be A B C D F or G: play it again! (7)
5 Human being with small skirt in carrier (7)
6, 12 across Too far—we must change shoes (8)
7 Too much owed to the United Nations? (5)
8 At liberty at last in taxation when there's no more money available (3, 6)
13 Generator turned East to produce fruit (6, 4)
14 Fire parsons with ashes? (9)
16 Something to eat in the Ritz-bun, a pound? (6, 3)
18 Animal's role in defence (7)
19 Exploit by woman, very light (7)
21 Affected by a germ? (5)
23 Participant in game losing head in thick sheet? (5)
24 See 20 Across (4)

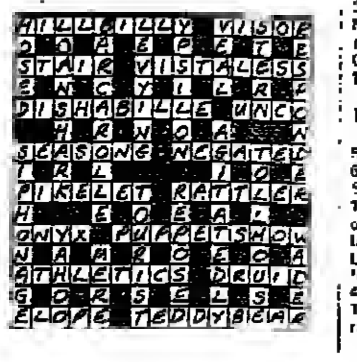
Solution to Puzzle No. 5,272

SOLUTION AND WINNERS OF PUZZLE NO. 5,267

Miss Victoria Bruce, 6 Tivoli Close Dun Laoghaire, Dublin, Ireland.

Mrs Elizabeth Allsop, 5 South Glassford Street, Milngavie, Glasgow, Scotland.

Ms Joan Linnell, 110 South Knighton Road, Leicester, LE2 3LQ.



† Indicates programme in black and white

BBC 1

8.35 am Loch High Private Eye. 9.00 Saturday Superstore. 12.12 pm Weather
12.15 Grandstand, including 12.40 News; Football Focus (12.20); Cross Country (12.45, 1.10) The Prestо Cross Country from Gateshead; Racing from Ascot (12.55, 1.25, 1.55); Ice Skating (1.40) Jayne Torvill and Christopher Dean in last night's British Championship at Nottingham. Rugby Union (2.20) England v New Zealand; Rugby League (4.00) Highlights today of one of The John Player Trophy second-round matches; Final Score (4.35).
5.05 News.
5.15 Regional Variations.
5.20 Hi-De-Hi!
5.50 The Noel Edmonds Late Late Breakfast Show
6.35 Blankety Blank.
7.10 Juliet Bravo.
8.00 The Paul Daniels Magic Show.
8.40 News and Sport.
8.55 "Joe Kidd" starring Clint Eastwood and Robert Duvall.
10.20 Match of the Day.
11.00 Carrot's Lib.
11.40 Late Night Horror: "The Satanic Rites of Dracula" starring Peter Cushing and Christopher Lee.

REGIONAL VARIATIONS:

Wales—5.15-5.20 pm Sports News Wales.
Scotland—5.15-5.20 pm Scoreboard. 10.20-11.00 Sportscene.
Northern Ireland—4.55-5.05 pm Northern Ireland Results (Opt out from Grandstand). 5.15-5.20 Northern Ireland News. 1.05 pm Northern Ireland News Headlines.
England—5.15-5.20 pm London —Sport; South-West (Plymouth) —Spotlight Sport; Other English regions—Sport/Regional News.

BBC 2

10.10-11.25 am Open University.
†1.50 pm Saturday Cinema: (1) "Doctor Rhythm" starring Bing Crosby.
3.10 Play Away.
†3.35 Saturday Cinema (2) "The Fabulous Dorseys" starring Tommy Dorsey and Jimmy Dorsey.
5.00 International Table Tennis.
5.25 Whistle Test—On the Road.
6.05 Greek — Language and People.
6.30 Grand Slam.
6.55 News and Sport.
7.10 Zubin Mehta Masterclass.
8.20 Fly on the Wall.
8.55 The Kennedy Legacy.
10.25 "The Seven Deadly Sins of the Middle Class" (new TV version of the opera-ballet by Bertolt Brecht and Kurt Weill).
11.05 News On Two.
†11.10-12.05 am The Twilight Zone Double Bill: "Third from the Sun" starring Fritz Weaver and Joe Maross and "I Shot an Arrow Into the Air" starring Edward Binns and Dewey Martin.

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 The Saturday Show.
12.15 pm World of Sport: 12.20 Boxing—WBC Junior Lightweight Championship from Puerto Rico; 12.45 News; 12.50 On the Ball; 1.20 The ITV Seven from Ayr and Warwick (introduced by Derek Thompson and Brough Scott); 3.15 Ice Hockey—The Autumn Cup Final from Streatham; 3.45 Half-time Soccer Round-up 4.00 Wrestling; 4.45 Results.
5.00 News
5.05 Chips.
6.00 Game for a Laugh
7.00 Russ Abbot's Madhouse.
7.30 Punchlines
8.00 Hart to Hart.
9.00 News and Sport.
9.15 Adult Movie: "Audrey Rose" starring Marsha Mason, Anthony Hopkins and John Beck
11.20 London News Headlines, followed by An Audience with Dudley Moore.
12.15 am After Midnight.
1.00 Fela in Concert, followed by Night Thoughts with Fr Michael Hollings.

CHANNEL 4

2.00 pm A Kind of Living.
†2.25 "Footlight Parade."
4.20 Satellites of the Sun.
4.35 Chicago Teddy Bears.
5.05 Brookside
6.00 How We Learned to Ski.
6.30 News Headlines followed by Flashback.
7.00 Seven Days.
7.30 Union World.
8.00 Fragile Earth.
9.00 The Avengers.
10.00 Fox.
11.00 Interference.
11.30 The Worst of Hollywood presents "Mars Needs Women."

S4C (WALES)

1.50 pm A Week in Politics 2.20 The Amateur Naturalist 3.00 The Tube 4.30 Utopia Ltd 4.55 Yr Awr Fawr 5.55 Superted 6.05 The Incredible Hulk. 7.00 Newyddion 7.15 Swyf Gorsey Caercyd 1983 8.00 Endors 8.30 Rockers Roadshow. 9.05 The Scarecrow. 9.25 Y Maes Chwarae 10.15 City of Gold 10.40 Glenn Gould Plays Bach. 11.40 Worst of Hollywood: "Creeping Terror"

REGIONS

IBA Regions as London except at following times.

ANGLIA

9.35 am Vicky the Viking. 10.05 Unicorn Tales 5.05 pm Knight Rider. 11.20 Star Parade including Swedish pop group Abba, Greek-born Vicky Leandros and the Carpenters from America 12.20 am At The End of The Day.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 The Green Hornet 9.55 Wattoo, Wattoo 10.00 Terrahawks 5.05 pm Knight Rider 11.20 Kolchak: The Night Stalker.

GRAMPIAN

9.35 am The Smurfs 10.05 The Adventures of Gulliver 5.05 pm Knight Rider 11.20 The Spirit of Malcolm Miller. 12.15 am Reflections.

GRANADA

10.20 am Cartoon 5.05 pm Knight Rider 11.20 Hawaii Five-O. 12.15 am The 25th Anniversary of the Marquee.

HTV

12.13 pm HTV News 5.05 Knight Rider 11.20 The Best of Saturday Night Live.
HTV Wales—As HTV West except: 11.20 pm-12.05 am Cup Rugby (first round match played in the Schweppes Cup competition).

SCOTTISH

9.25 am Storytime. 9.35 Stingray. 10.05 Happy Days 5.05 pm Knight Rider 11.20 Late Call 11.25 Star Parade—James Last and his Orchestra, Irene and Jo, Franz Lambert, Jurgen Marcus and Mireille Mathieu.

TSW

9.25 am Dick Tracy. 9.30 Freeze Frame 10.28 Gus Honeybun's magic Birthdays 10.30 The Magic Micro Mission 11.00 Little House on the Prairie 11.45 The Pruitts of Southampton 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Knight Rider. 11.20 No Nukes Festival, featuring Ideal and The Stranglers 12.20 am Postscript 12.25 South West Weather.

TVS

9.25 am Wattoo Wattoo 9.35 The Smurfs. 10.00 Mork and Mindy. 12.12 pm TVS Weather. 5.05 Diff'rent Strokes 5.35 OJ 11.20 The Roots of Rock 'n' Roll. 12.20 am Showcase 12.35 Company.

TYNE TEES

9.25 am Morning Glory 9.30 Gather Your Dreams 10.00 TT Time. 10.05 The Adventures of Gulliver 12.13 pm North East News. 5.05 North East News 5.10 Knight Rider 11.20 Rock Around Midnight. 1.10 am Poet's Corner.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Melotoons 9.35 Metal Mickey. 10.00 University Challenge 5.05 pm Knight Rider. 11.20 City of Angels. 12.15 am Late Night Drama.

(S) Stereo Broadcast

RADIO 1

8.00 am Tony Blackburn's Saturday Show 10.00 Dave Lee Travis 1.00 pm My Top 12 (S) 2.00 Paul Gambaccini (S) 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Janice Long. 10.00-12.00 Gary Davies.

RADIO 2

7.30 am David Jacobs (S) 8.02 Racing Bulletin. 9.30 Sounds of the 60s (S) 10.30 Album Time (S) 11.02 Sports Desk 11.30 Everett MO (S). 1.00 pm The Gumblewede. 1.30 Sport on 2: Motor Sport (1.35, 4.50) report from Bath on the first day of the Lombard RAC Rally. Racing (2.05, 3.05) from Ascot: Rugby League (2.15, 3.10, 4.50) second round of the John Player Trophy. Rugby Union (2.30, 3.10, 4.50) reports on England v New Zealand; Football. Comprehensive coverage, including from 3.55 second-half commentary and. 5.00 Sports Report, including 5.00, 5.50 Football results. 5.30 Rugby round-up, motor sport. 6.00 Country Greats in Concert. 7.00 Beat the Record 7.30 Vienna Nights (S). 8.10-8.30 Marian Davies talks about the City of Cardiff. 8.30 Big Band Special (S). 10.00 Saturday Rendezvous (S). 11.02 Sports Desk. 11.10 Pete Murray's Late Show (S). 2.00-5.00 am Liz Allen presents You and the Night and the Music (S).

RADIO 3

8.00 am News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Arnold Bax Centenary (S). 1.00 News. 1.05 Metropolitan (S). 2.00 Berlin Radio Symphony Orchestra, part 1: Rachmaninov (S) (2.40 Interval Reading). 2.50 Part 2: Tchaikovsky. 3.40 Music for Brass Band and Soprano (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Organ Music of Olivier Messiaen (S). 8.00 "Therese," opera in two acts by Massenet (sung in French). Act 1 (S). 8.45 Government and Private Research Institutes. 9.05 "Therese." Act 2 (S). 9.45 Another World (S). 11.15-11.18 News.

RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 It's A Bargain. 7.55 Weather; Travel; Programme News. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.45 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 John Ebor. 12.00 News; Money Box. 12.27 pm Just A Minute (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? from Northern Ireland 1.55 Shipping Forecast 2.00 News. 2.05 Afternoon Theatre (S). 3.00 Medicine Now. 3.30 Worlds of Faith (S). 4.00 News; International Assignment. 4.30 Does He Take Sugar? 5.00 Wildlife. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday Night Theatre (S). 9.58 Weather 10.00 News. 10.15 The 1,000 Days of John F. Kennedy. 11.00 Lighten our Darkness. 11.15 The Insect Woman. 12.00 News.

CAPITAL RADIO

7.00 am The Breakfast Show. 10.00 Pick of the Pops — Take Two. 12.00 Love Song Saturday. 2.00 pm Afternoon Delight. 5.00 Gary Crowley's Magic Box 7.00 Greg Edwards' Soul Show. 9.00 Roots Rockers. 11.00 Foreign Affair. 12.00 Midnight Special.

BBC RADIO LONDON

7.32 am Good Fishing. 8.04 London Today. 9.03 Inside London. 9.30 Corridors of Power. 10.02 All that Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 5.00 Guidelines. 6.30 Evening Star 7.30 Hold the Front Page. 8.00 Radio Radios. 8.30 Good Fishing. 9.00 Malcolm Laycock. 11.00 As Radio 1 12.00-5.00 am Join Radio 2.

LONDON BROADCASTING

7.00 am AM with Jenny Lacey and Peter Deeley 10.00 Jellybone with Clive Bull 12.00 LBC Reports with Des Fahy. 1.00 pm Sportswatch with Dominic Allen. 6.00 LBC Reports with Des Fahy. 7.00 Geet Mala with Suresh Joshi. 8.00 LBC Special: Poland — A War of Nerves. 9.00 Hayes on Saturday. 10.00 Nightline.

CHESS SOLUTIONS

Solution to Position No. 491

Korchnoi. White wins after 1...B-Q3 (there's anyway no good defence to the threats N-B6 and Q-K5 ch); 2 N-B6! Q-R8 ch; 3 K-R2, BxQ ch; 4 P-N3; BxP ch; 5 K-N2! when Black cannot prevent RxP mate.

Solution to Problem No. 491

1 N-K7 (waiting). If 1...K-K4; 2 Q-K1, or if B-K4 ch; 2 R-Q6, or if B-Q5; 2 R-K3, or if B elsewhere; 2 R-Q5.

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A bin full of books for your cellar

BY EDMUND PENNING-ROWSELL

HUBRECHT DUIJKER is surely the most assiduous wine writer of the day, and his large-format tomes, as designed for the original Dutch editions, contain an unequalled range of detailed information and statistics on the wines of each region, its growers and merchants. Two new volumes are **The Great Wines of Burgundy** and **The Wines of the Loire, Alsace and Champagne** (each 200pp, Mitchell Beazley, £13.95).

He seems to have met every grower and merchant of note, and some not so notable, and tasted their wines critically. Along the top of almost every page are reproductions of the labels of the leading producers and firms, with appropriate comments on their wines. Unfortunately, they are set in such small italic type that they are painfully difficult to read; a fault of the original design, and my only criticism of these works that are illustrated on every page with imaginative photographs.

In the particularly difficult region of Burgundy I can endorse his comments, where I too am familiar with the grower or merchants, though I am less than keen on the "house style" of the Romanée-Conti estate wines. And I do not always share his opinions on some marques of champagne, invaluable travelling companions on wine-region tours, and it is only a pity that they are so large and heavy.

For over a century Ch. Loudenne has been an outpost of the British firm that, following Gladstone's reduction of customs duty to 2d a bottle in his 1860 Budget, did much to bring cheap French wines to what may be called the commercial classes (including, surely, Mr Pooter and his associates). The firm was Gilbey's, now part of International Distillers and Vintners, and in 1875 they bought Loudenne, far up the Médoc, primarily as a warehouse for their purchases, not restricted to low-priced clarets. In the early days the Gilbeys and their fellow directors used the château for their working holidays, and recorded them in the diaries and visitors' books that have provided Nicholas Faith with much of his material for **Victorian Vineyard; Château Loudenne and the Gilbeys** (160pp, Constable, £9.95), a valuable, entertaining work, very well illustrated with contemporary photographs. The Gilbey board was commercially tough, if not always agreeable, even to each other, and through their sole agencies with grocers all over Britain they built up a formidable business that declined only in the pre-First World War years, as the market for "dessert" claret fell away, never to recover. In recent years Loudenne has been restored, not only as a centre of hospitality, but also as a well-organised wine-producing property, producing excellent red and white wine. This revival must be attributed mainly to the late Martin Bamford, who died so sadly last year, and this work, which he helped to plan, is a memorial to him.

The first public demonstration of Baron Philippe de Rothschild's impact on Bordeaux in the 1920s was the Cubist coloured label on the 1924 vintage. Other changes followed and ever since 1945, with one or two exceptions, a different artist of repute has been commissioned to provide a label heading. These labels have become collectors' items, particularly in full bottles, with, ironically, the commercially neglected off-vintages more sought-after than the better ones. Now these have been beautifully reproduced in enlarged form in **Mouton-Rothschild Paintings for the Labels 1945-1981** (132pp, Hutchinson, £9.95). And for good measure there are notes on the vintages and photographs of Mouton and its museum. A collectors' item, too.

Hugh Johnson describes his **Wine Companion** (544pp Mitchell Beazley, £14.95) as "a portrait of this new wine

world" that has developed since the 1960s, following the developments of the New World wine industries and great technological advances in wine-making. Written in this author's lucid, concise style, it includes all relevant material on grape varieties, and the making, care and serving of wine. But the bulk of the book is taken up by lists of recommended growers and merchants, with appropriate information and comments added, in every major wine district of the world. Of interest in such leading areas as Bordeaux and Burgundy, where the great number of estates and firms call for detailed, critical guidance, it is invaluable in the less familiar minor regions, as well as for Australia and California. On those growers and merchants known to me personally the notes are very apt. The only, unnecessary, weakness is the laughably unlike drawing of leading figures in the wine world.

Gerald Asher, former British wine merchant with a taste for then out-of-the-way wines, is now the director of a California wine company, and the wine columnist of *Gourmet Magazine*, from which the 30 articles in **On Wine** (225pp, Jill Norman and Hobhouse, £8.50) have been collected. Penned with a sense wine writing, in a relaxed, apparently unhurried manner he recounts his wine experiences and at the same time imparts solid information on a wide variety of European wines as well as those of California. This is essentially a volume for bed-time reading, preferably after a good bottle or two have been opened. To avoid uncertainty as to when each article was written, it would have been helpful to include the date of original publication.

Jan Read is our leading writer on Spanish wines and in **The Mitchell Beazley Pocket Guide to Spanish Wines** (144pp £3.95) he has compiled a remarkably compact handbook to the wines of the 12 regions, including Xerez. Within each the wines and firms are taken alphabetically and in considerable detail. The grey impression of the comparatively long paragraphs in the very small type size make this a harder read than most other titles in the series.

Rum may not sound sufficiently interesting to justify a book as long as **Rum Yesterday and Today** by Hugh Barty King and Anton Massel (236pp, Heinemann, £10). Nevertheless they have in fact written a most readable work on a drink with particular British associations, through its historical production in the British West Indies Navy that enjoyed its daily rum ration from 1731 to 1970. The name evidently derives from an English country slang word, connected with "rumbustious," as indicating the dangerous effects of this distilled sugar-cane spirit: like gin, until the last century a killer when drunk in quantity. This book is largely a well-researched history of rum-making in the various Caribbean islands, and elsewhere, including Australia, India and the Philippines; and is also a record of the trade all over the world. Although the popular white rums are almost a different drink from the dark rums of Jamaica and Martinique, in recent years they have done much to maintain production in the generally impoverished West Indies, though Cuba-originated Bacardi produces its spirit in widely dispersed countries.

Anthony Hogg was long a director of the Peter Dominic wine-chain, and although **Travellers' Portugal** (278pp, Solo Mio Books, £4.95) is only marginally about wine, most visitors will associate Portugal with wine, and so does he. In essence, however, this is a very well planned series of routes covering the country for motorists, whether entering the country from the north or on fly-drive holidays. Meticulously detailed on places to see, hotels and restaurants, this is an invaluable, money-saving guide.

Finally two books on wine appreciation. **The Academie du Vin Wine Course** by Stephen Spurrier and Michael Dovaz (224 pp, Century £10.95) is in book form the three courses run in association with the former's Paris wine firm. The first is largely about viticulture and the varied methods of making wine; the second is devoted to the different varieties of grapes and the chief wine-producing countries; and the third, advanced, course is mostly taken up with a long series of tasting notes on representative ranges of wines. Skilfully presented, this is as much a dictionary as a volume of wine instruction.

Jancis Robinson's **Masterglass** (176pp, Pan Books, £2.95) is more informal, lightly-written and ingenious. Set out in two columns, the one on the left gradually develops the theory of tasting and describes the various types and varieties of wine, while the right-hand one suggests the practical experiments to be undertaken to "educate" one's palate and to identify and distinguish the wines of the world. Starting by emphasising the importance of the nose in tasting by way of affixing a clothes-peg to cut it out it ends by discussing the sometimes embarrassing subject of which wine with what food.

It all started with whitebait

BY JUNE FIELD

THAT *aficionados* (no pun intended) should be flying in from America to attend the first-ever sale of silver fish slices in London at the end of the month shows how seriously collectors take what one might well consider a fairly lightweight subject.

Eric Smith, who has catalogued the *Smart Collection of Fish Slices Silver and Plate,"* at Phillips, Blenstock House, London, W1, on Wednesday, November 30, admits to being "absolutely amazed" at the interest and enthusiasm engendered by what he agreed did not at the start sound to be all that exciting a category.

"But once I started to investigate the remarkable collection I soon realised that many of the fish slices are real works of art with their exquisite piercing and fine engraving." Contending that he is really "a spoon man" (he pioneered the sales of English silver spoons at Phillips, principally the Alexander James collection which made nearly £58,000 in 1979), Eric says he finds some of the silver quite beautiful even though he is astonished at the varied number of telephone calls ranging from fish-orientated enthusiasts in New York to little old lady collectors in Dorset."

For Henry Smart, 75-year-old former civil servant living in the Cotswolds, it all began when he was given a presentation fish slice on his retirement 15 years ago.

He followed this up buying another one in a shop in Tewkesbury, and since then has travelled from the north of Scotland to Cornwall buying slices costing anything from 10p to £200.

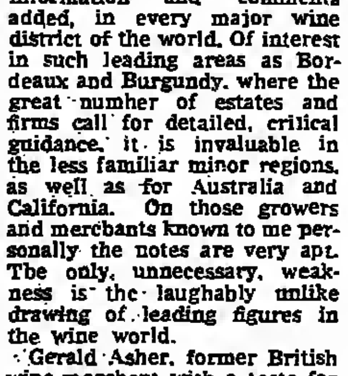
Space, and the feeling that he has already amassed most of the different varieties (there are now over 250 different pieces spread over 155 lots in the auction), made him decide to sell.

So how did these items for serving fish first originate? Although by the early 18th century there were suitable implements for serving vegetables (generally a gravy or basting spoon with a straining device), as well as salt (usually with a sort of shovel-shaped spoon), and butter (with a miniature spade), plus such things as marrow scoops for digging out the jelly from beef bones, there was nothing for fish until around 1735.

The earliest known fish server is said to be the one made in London in 1741 by Paul de Lamerie, now in the Farrer Collection at the Ashmolean Museum, Oxford.

These early fish servers were said to have been initiated specially for straining whitebait from the hot fat in which they were cooked, there being a craze for freshly caught whitebait.

To savour the flavour they



George III silver fish slices in the "Smart Collection of Fish Slices Silver And Plate" sale at Phillips on Wednesday, November 30.

had to be cooked swiftly and eaten as soon as possible after they were landed.

So that the fresh taste of the tiny fish should not be lost by using anything heavy and clumsy and of an inferior material, silversmiths were commissioned to design something that was both practical and elegant.

Henry Smart, who has done considerable research, says the earliest silver fish slices were servers or strainers rather than carvers.

The blades were oval with long handles. This type was followed by the triangular pierced blade usually called a fish trowel, some of which had detachable wood handles. So that you could carry it around in your pocket, queries Mr Smart.

"Possibly these were the kind kept for the whitebait dinners which continued to be popular well into the 19th century," he says, referring to the annual Cabinet Whitebait Dinners held at the end of each Parliamentary session in taverns at Greenwich—at the Ship by the Tories, at the Trafalgar by the Whigs.

A greater variety of fish, particularly turbot and sole, were brought to market from around 1763, due in some measure to a John Blake.

In a contemporary report of the Royal Society of Arts, Mr Blake was reported as putting up a scheme for machines "capable of carrying one thousand weight of fish . . . to London, from the sea-coasts of the kingdom."

The idea was to break a fish monopoly, and the society was so impressed that it advanced him £2,000 to do the job, topping it up with a further £1,500 "the better to enable him to complete his design."

So as Mr Smart points out in the introduction to the catalogue (£2.50 from Eric Smith, Phillips, Blenstock House, 7 Blenheim Street, W.1), fish slices were eventually fashioned to cater for larger fish.

One side, sometimes both, was designed with a sharpened and curved cutting edge in order to cut through the backbone of the fish.

"Herrings, for example, were served up as small cutlets; at the same time, the sharp cutting edge was used as a knife to open up whole sections of the flesh of larger fish."

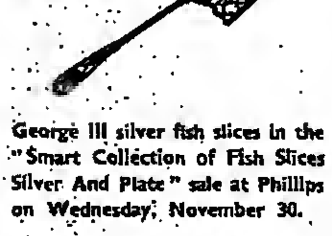
The handles or stems of the slices vary, ranging from bone, mother-of-pearl and green-stained ivory to silver in various patterns—Old English, fiddle and King's and Queen's shape; and sometimes the maker's mark on the handle is different from that on the blade.

For instance, one lot in the sale by Charles Chesterman, has a handle by Robert Twyford. It is estimated to fetch between £60 and £70.

Estimates generally range from £30 to £150 for close and electro-plated and Old Sheffield Plate slices. (Close-plated is where the base metal is iron or steel, the silver being attached to the surface with tin, under heat.)

British silver slices 1839-49 start at £80, with the George II trowel engraved with a crest, by Samuel Courtauld, London, c1750, its wood handle detachable, has one of the highest figures on it, £350-£360.

The most delectable apples in the world



GARDENING

ARTHUR HELLYER

THE BRITISH climate, even that of the south east of England, is by no means ideal for apples. It is too unpredictable, too prone to sudden changes which destroy blossom or check the full development of fruit. It can be so wet and humid that scab and mildew flourish, or so lacking in autumn sunshine that fruits are unable to acquire the fine finish that sells them in the shops.

Yet in spite of these handicaps we are still able to produce the most delectable apples in the world. Partly this is due to those very shortcomings of climate I have just described, for coolness and moisture allow fruits to develop slowly and attain their fullest flavour. But it is also due to our good fortune in having produced, almost entirely by accident, the best culinary as well as the best dessert apple to be found anywhere. Bramley's Seedling was raised early in the 19th century from a pip sown in a Southwell cottage garden and it did not even gets its name until, years later, a Mr Bramley came to live in the cottage. There may have been a little more thought taken about the raising of Cox's Orange Pippin by Richard Cox in Colnbrook, perhaps a generation after Bramley's Seedling, for he was an amateur gardener, but no one knows the parentage from which his apple derived its unique flavour though Robert Hogg, in his great *Fruit Manual*, suggests that the pip might have been from Ribston Pippin.

Neither apple would have attracted any overseas commercial fruit grower for Bramley's is too vigorous and also completely sterile without a pollinator and Cox is too susceptible to mildew, scab, canker and most of the other diseases that can attack apples. Even in England it was a very long time before either apple was widely planted in commercial orchards but the advent of dwarfing root stocks to check excessive vigour and encourage early profitability and of fungicides to control diseases made them practicable for those who were prepared to take enough trouble.

A few years ago both apples appeared to be under threat from the Common Market but the picture that is now emerging is very different. Cox's Orange Pippin, if well grown and attractively presented, can command a limited but profitable prestige market that no other apple fills. As for Bramley's Seedling it is still supreme in cooking quality and culinary apples as such simply do not exist outside Britain.

However there are some clouds on the horizon. Even with modern storage methods using precise temperature control and equally strict regulation of oxygen and carbon dioxide levels in the atmosphere, Cox needs to be dipped in a fungicide before going into long term store. This is already prohibited in Europe and the ban may well spread to Britain. That would limit the life of Cox in store and so would deprive supermarkets of the year-round supply which enables them to accustom buyers to particular varieties. Perhaps this is not so important with such a well-known apple as Cox, but buyers are also increasingly insisting on unsprayed, or at any rate minimally sprayed apples and the possibility of growing Cox commercially without quite a lot of spraying seems remote. Maybe biological disease control will come to the rescue.

Meanwhile the search goes on for new and more easily grown apples of high quality. At the East Malling Research Station in Kent thousands of new seedlings are raised every year but only a very small percentage pass the early screening tests and fewer still find their way on to the market. One that has arrived is Jupiter, an attractive orange-red fruit with smooth shape and excellent flavour. Its parents were Cox's Orange Pippin and a robust highly coloured apple named Starking. Like Bramley's Seedling, Jupiter is self sterile and needs a pollinator to make it crop for which purpose the equally new Greensleeves or the old ornamental crab apple Golden Hornet are recommended. It is moderately vigorous but can be rendered less so by grafting it on a dwarfing or semi-dwarfing root stock.

It also has a wide-angled branch pattern which gives it considerable resistance to branches breaking in high winds or when carrying heavy crops. In the National Fruit Trials at Faversham in Kent it has, for seven years, yielded on average three times the crop of Cox. It is now available from some nurseries, including Hightfield Nurseries, Whitminster, Gloucestershire, and the big wholesale grower Matthews Fruit Trees is distributing it to garden centres.

Greensleeves, which is said to be very hardy and disease resistant, is also appearing quite widely and Spartan, an older apple with a crimson skin, is being grown on a considerable scale. I have had it for several years and find it attractive, reliable and good eating.

At a recent fruit conference organised by the Royal Horticultural Society, Mr H. A. Baker, the fruit officer of the society, gave the following list of apples as his top choice for private gardeners. Only a few have commercial appeal so if you want them you must grow them for yourself, not at all an impossible task even in a small garden if they are grafted on M9 or M27 root stocks and restricted to a single stem each.

Discovery is a good early apple to eat direct from the tree. Fortune ripens a few weeks later and is an apple that needs sunshine to bring out its full flavour. St Edmund's Russet is regarded by Mr Baker as the best of the russet skinned apples but he also includes Egremont Russet in his list for keeping until Christmas. Greensleeves is rather like Golden Delicious but better for our climate. Sunset is a late apple with beautiful rose-pink and white blossom. Cox's Orange Pippin is included in spite of its weakness and Ashmead's Kernel, a late apple raised about 1720 and still going strong, for its fine quality. Finally in the dessert list is Pixie which can be kept without difficulty until March. For cooking Mr Baker picks Bramley's Seedling, Golden Noble and Blenheim Orange, another very old apple that used to take 20 years to come into bearing but now, thanks to dwarfing root stocks, can be cropping in four or five years.

Money and the RAC Rally . . . by **John Griffiths**

Golden road from Bath

York, 1982 in the start of another RAC rally

ANYONE DRIVING through the elegant city of Bath today might be forgiven for thinking that Lombard North Central, the finance house, had just bought it.

Lombard banners and logos are everywhere—on buildings, cars, even stitched to people's jackets.

They are the outward signs of the longest-running, and one of the most successful, sponsorship partnerships between commerce and motor sport.

Two months ago, Ron Barnes, Lombard's chief executive, signed his company up for a further five years' backing of the RAC Rally, making 15 years in all.

The rally starts today from the city centre, and finishes there five days and 1,900 miles later after battling through most of England to the Scottish border and Wales.

It is the most complex, in terms of logistics, event on the UK sporting calendar, of any type. It requires nearly 7,000 marshalls.

It also has the largest live spectator audience, by far, than any other event—Cup Final, Wimbledon, the 100,000 crowds at Grand Prix all pale into insignificance compared with the 1m and more who turn out for the "RAC."

It all sounds far-fetched, until the sceptic finds himself in a mile-long traffic jam on top of a North Wales mountain at two o'clock on a mid-week morning.

And that is for "stages"—on closed roads where crews are free to drive flat out against the clock—where spectators are not even supposed to be present. At the "public" stages, where admission is charged, crowds of up to 120,000 are common—and there are 59 stages.

There lies the key to Lombard's association with the event. For a concern whose major revenue comes from providing vehicle hire purchase, the automatic association of its name with the rally has proved a money-spinner which it can no longer afford to let drop.

Yet in comparison with the sums spent in sponsorship of Grands Prix, Lombard gets a bargain.

Its latest deal is costing it £600,000 over the five years. A major Grand Prix sponsor can spend £1m or more in a season.

Even so, it does not cover the RAC's costs in mounting the event, now approaching £200,000 a year, £87,000 of which will this year go to the Forestry Commission for using its loose-surfaced roads.

The rest is made up from competitors' entry fees—up to £725 per crew for 140 crews, and a modest financial contribution from the host city.

And if noisy exhausts, garishly painted cars and often even more garishly garbed people do not blend easily with Bath's restrained Georgian grandeur, most of its citizens are quite prepared to live with it for a few days.

Up to 10 service vehicles accompany the major manufacturers' teams, their crews also requiring food and accommodation. Restaurants and shops are packed throughout the five days that the city's population is temporarily swelled by several thousands.

Based on earnings of the two previous occasions that the rally has been based at Bath, total revenue generated for the local economy should be comfortably over £½m.

The 'RAC' is the last event on the world rally championship and the disappointment this year is that both driver's and manufacturer's titles are already decided. So Lancia, the manufacturer champions, will not be competing. But Hannu Mikkola, the Finnish world champion, will in the latest version of Audi's four-wheel-drive Quattro coupe.

Mikkola's Quattro may not look too different from the £17,000 roadgoing one, in the same way that competing Opel Mantas, Toyota Celicas, Vauxhall Chevettes and Ford Escorts bear passing resemblance to showroom models.

But this year, more than ever, the story beneath the skin is very different. Engine outputs range from 260 to 360 brake horsepower, double and in some cases quadruple the norm. The Quattro to be used next year will have 400 bhp. A favoured few might even be able to buy one of the 200 expected to be built, albeit in detuned form, for about £70,000.

By then, there will be small hatchbacks such as Citroen's Visa and Peugeot's 205 competing—but with engines mounted amidships and four four-wheel-drive.

The rumours are continuing to grow. Following Austin Rover's decision to return to racing and rallying this year, the forests could be echoing next year to the sound of a similar vehicle, shaped not unlike a Metro . . .

Peter Robbins previews the All Blacks' game

A cliffhanger for England

THE CAPTAINS . . . Wheeler and Wilson

ENGLAND SEEM to have a great chance of beating New Zealand today at Twickenham, mainly because all the evidence of style, strategy, strength and weakness has been adduced and distilled.

As New Zealand have played against the divisional sides (and how I hope the same system obtains when Australia come here next year), the divisional selectors have gathered vast facts and figures and forwarded these to their national colleagues.

On the other hand, there has been little time for final refinement of the team, in spite of the helpful sessions at Stourbridge. And there are two new caps up front, White and Simpson. Cusworth, now playing much more confidently, has to erase the scar of his first cap against the All Blacks in 1979. On that day, he was instructed to play in a style totally alien to his natural instinct.

By now it is clear that the All Blacks do not use the set pieces to launch conventional three-quarter attacks. In these static phases, they punch forward through Mexted, Shaw, and Hobs.

Alternatively, Smith hoists the ball for his pack to run on to. So, initially, that brilliant All Black trio must be controlled, policed and put down firmly.

The All Blacks are at their very best when they counter-attack, and it will be imperative for England to make certain of their touch kicking and their tackles. In Edinburgh, Pollock followed a Scottish kick, which was taken by Mexted, who immediately linked with Donald, Shaw and Fraser to score in the corner. It was an instinctive and intuitive piece of rugby by Mexted, who likes to lie deep and bring the game to the opposition.

His style was muted in Edinburgh. It was different because he had to spend so much time mopping up. Similarly, England will need to restrict his gallivanting from loose possession as Scotland did with one or two exceptions.

England also must be alive to Fraser's use of the kick ahead. Unencumbered by the ball, he is much quicker and has scored several tries on the tour by this method.

Equally, New Zealand, as well as the high kick from Donald or Smith, like the little tantalising chip ahead from Pokere. This not only turns the defence but stretches the fullback to the maximum.

Perhaps the biggest obstacle to England's success is in the New Zealand ability to raise their game quite suddenly and with great confidence. When Scotland drew level at 25-25, New Zealand did not contemplate playing for time, or the draw, but flung everything into attack. Had Green not cut back inside with an overlap available, New Zealand would certainly have won the match.

Where will New Zealand have cause to worry? Primarily at the line-out, which has not been at all satisfactory throughout the tour. McGrattan is useful at the front, but the over-worked Mexted is their best technician.

Scott, therefore, has a major responsibility for England in this phase. Bainbridge has the psychological advantage having dominated the line-out at Gateshead, but will England control the line-out possession that they will undoubtedly win?

The other area of considerable menace for the All Blacks is their indiscipline on the field. It is not perpetual but sufficient to lose them scores. Their management was unhappy about the refereeing in Scotland and the intervention of the Scottish touch judge.

The referee may have missed some things for both sides, but, if a touch judge has the authority to intervene and thinks it appropriate to do so, then there can be little cause for complaint.

With Blakeway excluded for Pearce, it is clear that the English selectors have gone for mobility, rather than traditional solid scrummaging. Not that Pearce will let England down in the tight scrum.

Most rugby followers will be thrilled at the selection of White of Gosforth after such a tremendous display at Gateshead. He is a good technician and very useful in the mauls. Simpson, the other new cap, will surely play on the blind side, and he, too, merits inclusion after his match for the North.

Elsewhere, the selectors have gone for those players who have matched the All Blacks physically and intellectually at divisional level. The exception is Scott at number eight, who was passed over for the South and South West team last Tuesday. I suspect the selectors think he is the man for this particular match, in view of Mexted's threat at the line-up.

The pack is balanced enough to give England a sound platform attacking options. The selection of Cusworth before Horton, Davies and Barnes is interesting. There will be five Leicester players behind the scrum and that makes a lot of sense, given Leicester's record and style this year.

What we do not want is the misuse of possession as was demonstrated by Horton at Bristol. Just as important for Cusworth and England will be the fly half's contribution to defence. Alan Old pressurised Smith at Gateshead and Cusworth must do the same. I am sure he has learned from his previous traumatic experience.

So the brief from Richard Greenwood will be the elimination of mistakes, conclusive tackling to restrict the All Black momentum and clarity of decision. Obviously the key areas revolve around the success of the respective back rows and the halfbacks.

Added responsibility will certainly rest with the kickers, Hare and Deans. With Hare in such great form, England are in with a splendid chance and could surprise almost everybody by squeezing home narrowly.

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4, Telex: 8954871
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Saturday November 19 1983

In praise of combinations

ONE OF the by-products of the unsatisfactory recent British economic experieoce is that sophisticated people increasingly equate optimism with crankiness or worse. Yet if the historical trend is to be reversed, some optimist will some day be shown to have made fools of the sophisticates. The interesting conundrum posed by Thursday's Autumn Statement — the real British budget in all but name — is whether Mr Nigel Lawson, the Chancellor, is the optimist in question.

At first sight it may seem paradoxical that a Chancellor who threatens a £½bn increase in income tax, equivalent to about ½p on the basic rate, should be greeted by a more than usually like-minded chorus of commentators decrying him as a latterday Pangloss. But in practice this threat is one of the less substantial components of the statement, which reveals the results of the public expenditure review that has preoccupied ministers since the summer.

Projections

The game at this point for most chancellors is to cow spending ministers with doom and gloom, while leaving as much room for future tax cuts as possible. And Mr Lawson has indeed allowed himself some margin. It is widely assumed, for example, that the forecast £10bn public sector borrowing requirement for 1983-84 incorporates an underestimate of likely revenue. Moreover, the £3bn contingency reserve has been left intact for 1984-85 and the Treasury is predicting only £1.9bn proceeds from asset sales. This is in spite of the commitment to privatise British Telecom: and while the precise form of the sale has yet to be agreed, it would not be surprising if the forecast proceeds creep up in the public expenditure White Paper in the new year.

The real optimism came in projections of what the Chancellor himself called "a winning combination:" low inflation and steady growth. The Treasury is forecasting real GDP growth continuing at 3 per cent in 1983-1984 and a slow-down in retail price inflation to 4½ per cent by the end of next year.

On the one hand this presupposes that consumers will go on adjusting to lower inflation by running down the savings ratio, which has already fallen from more than 12 per cent in the first half of 1982 to just more than 8½ per cent in the first half of this year. On the other it assumes a broader-based recovery in which the corporate sector responds to increased retained profits by pumping more money into stocks and fixed investment; a recovery, moreover, in which export volume increases by 4 per cent in 1984 against a ½ per cent increase in 1983—which certainly flies in the face of recent experience and most outside forecasters' assumptions about British competitiveness.

A yet more optimistic vision, which attracted less comment after the statement, was that of the promised land at the end of the Government's (unchanged) medium-term financial strategy. By 1986 it is hoped that the PSBR will be down to 2 per cent of GDP and that a new dawn of fiscal ease and stable prices will be at hand. But will we ever reach Mr Lawson's distant Cythera? And will the arrival prove more rewarding than the hopeful journey?

Leaving aside the first question for the moment, anticipation in the gilt-edged market will surely be more profitable than the ultimate reward. Farther disinflation should throw up capital gains on fixed interest stock that give a far greater total return than is likely to be available in a world of stable prices. In UK equities, however, anticipation and frustration could well march hand in hand.

Since the turn of the devastating bear market in January 1975, equities have likewise been correcting a huge undervaluation. The great post-war inflation had caused excessive gloom about corporate profitability; and as the inflationary tide ebbed away, the equity market offered uncommonly high total returns, taking capital gains and dividends together.

Now, however, that highly profitable adjustment could be over. And in the Chancellor's brave new world, a government equity tap overhangs the market as the privatisation programme accelerates. Nor will an upturn in fixed investment prove uniformly profitable. Growth, as the makers of mini-computers have reason to know, sometimes benefits consumers more than companies.

Deluge

The same could be true in the financial sector, where de-regulation and the imminent introduction of negotiated commissions are precipitating potential mergers. De-regulation has a way of increasing volume and depressing profits. As the man in the Saki story remarked, God tends to be on the side of the big dividends—hence the urge to amalgamate before the deluge. Mercury Securities and stockjobbers Akroyd and Smithers being the latest demonstration of the thesis.

And how will it profit Mr Lawson, chief architect of the MTFS, if it all comes right? Since he believes that businessmen generate growth while governments do no more than hold the economic ring, modesty will preclude self-congratulation. But the Financial Times will not stint with its praise if optimism wins the day.

Down to earth with a bump

By Paul Taylor in New York

THE dream was to "wire America." From humble beginnings 30 years ago as a system to improve TV reception, the hopes of the pioneers of cable television in the U.S. were flying as high as the satellites which revolutionised the industry in the mid-1970s.

But high interest rates, soaring constructions costs and slower than expected revenue growth have more recently clouded the cable picture and brought expectations back down to earth.

Today the U.S. industry is in the midst of a "shake-out." and is turning much of its attentions overseas—in particular, towards the UK. Later this month Britain will formally enter the cable age when the Government awards 12 cable television franchise licences.

In preparation for the franchise awards, U.S. cable system operators, programmers and equipment suppliers have scrambled into position, forming joint ventures or buying into consortia bidding for the UK licences.

Among the U.S. companies eager to enter what they see as the "ground floor" of an emerging European industry are American Television and Communications, the second largest U.S. cable system operator owned by Time Inc, Comcast Cable Communications, Viacom International and Cox Cable, together with programmers like Home Box Office, also owned by Time Inc, and equipment suppliers like Oak Industries and General Instrument.

The prize the U.S. companies see in Europe, according to one major cable operator, is "an unbelievable opportunity to make money"—and a chance to avoid some of the mistakes and excesses of the U.S. experience.

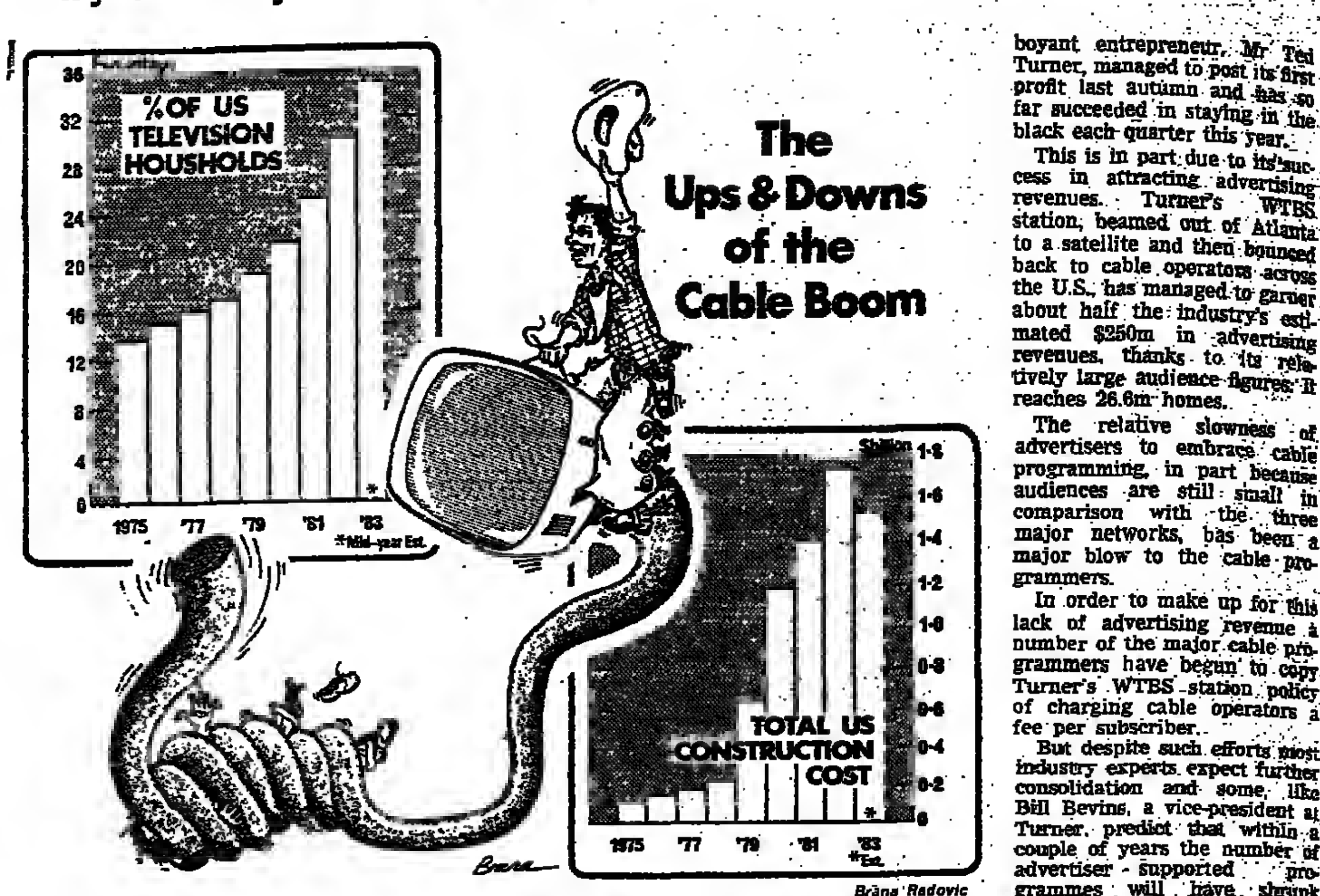
The industry in the U.S. is composed of three basic elements: equipment suppliers; cable system operators, who are responsible for distributing the service; and programmers, who make the infinite variety of shows which tempt the potential subscriber.

After paying a basic monthly fee, the subscriber can often receive over 30 channels of "free" programmes, including those put out by the big three national TV networks and special ones designed for cable and supported by advertising. On top of that, he can pay extra for premium channels showing special attractions, such as non-stop films.

The choice ranges from 24 hours-a-day sport to non-stop rock and roll, from soft-porn movies to Walt Disney cartoons. Some cities have "interactive" systems which allow viewers to order goods or answer polls via their TV sets—and down the road lines the prospect of such services as home banking.

Eight years ago, there were fewer than 10m U.S. cable subscribers. By the end of this year around 31m U.S. households, or around 37 per cent of total households with TV, are expected to have signed up for cable, and the number is growing at around 330,000 a month according to Paul Kagan, a West coast-based industry analyst.

Britain enters the cable TV era later this month when the Government awards the first UK franchises. In the U.S., cable is already a well-established industry and now reaches about 31m households. But together with this remarkable growth has come financial problems for many companies. The industry is therefore now in the throes of a substantial "shake-out"



Brana Radovic

By the end of this decade, Wall Street experts believe cable systems will be available to about 80 per cent of the U.S. population with television sets.

This phenomenal growth, far from easing the U.S. cable industry's current problems, has been one of its main causes.

Cable system operators, who went on a "building spree" in the late 1970s, became over-confident. As the number of subscribers grew, often exceeding expectations, many of the major system operators began a bidding war for new franchises.

The European prize: 'an opportunity to make money'

"Suddenly there were too many bidders for deals," says Mr Bob Magness, chairman of Tele-communications, one of the few system operators that hung back.

Instead of aggressively bidding to build new systems, Telecommunications set about acquiring established cable system operators. Today Telecommunications, which is 41 per cent owned by Mr Magness and his wife, is the biggest cable system operator in the U.S. —with 2.2m subscribers—and has one of the healthiest earnings records.

In contrast, some of the other operators who entered local authority franchise battles "found themselves agreeing to do things that did not make economic sense," says Edward Dunleavy, an analyst with Salomon Brothers.

In some cases the cable companies, in their enthusiasm to win big city franchises, offered to build free television studios for local programming; in others they promised expensive interactive or two-way cable systems. In one case, in Sacramento, the cable operator agreed to plant 20,000 trees in local parks.

The result was that construction costs soared at a time when interest rates were also on the way up. While five years ago it cost a cable system operator between $300 and $400 per subscriber to build a new system in a big city, Paul Kagan estimates that the average cost of the systems under construction today in the big cities is between $800 and $1,000 per subscriber.

To support these construction costs, the operators need revenues of around $40 a subscriber per month and so far few subscribers have been willing to cough up that sort of money. The average monthly subscription to the basic "no frills" cable services is less than $20 a month currently.

This has forced some of the more aggressive franchise bidders, like Warner/Amex, the cable joint venture owned by Warner Communications and American Express, to rethink their strategies.

Last year, with its debts continuing to mount and construction costs to complete current projects put at around $500m, Warner/Amex reported a $47m loss on revenues of $308m.

In February the two parent companies blew the whistle. Mr Drew Lewis, the former Transportation Secretary, was brought in as chairman and promptly began cutting costs and reducing the workforce.

Mr Lewis told the remaining Warner/Amex staff that the company must focus on achieving profitability rather than aggressively seeking franchises.

That announcement may well have signalled an end of an era not only for Warner/Amex but also for the cable industry in the U.S. as a whole.

The industry believes that many of the construction projects currently under way may have to be renegotiated on terms more favourable to the companies.

In the meantime Wall Street expects the cable operators to concentrate on revamping their managements and on turning existing cable systems into the highly profitable money machines that many believe they could still turn out to be.

As part of that process, the cable system operators are placing still more emphasis on bolstering incremental revenues by persuading cable subscribers to pay extra for premium services like Home Box Office, the most successful of the pay TV services with 12.5m subscribers.

"Additional services are going to be the key" to improving cable operators' profits, says Edward Dunleavy. "The basic service itself does not make much money."

At the moment around 18m cable subscribers in the U.S. pay extra to receive at least one "premium" channel—often one which concentrates on showing films. For each dollar in additional revenues these services bring in, the cable operator keeps about 65 cents. The cable operator generally has only additional costs to provide the service.

The problem lies in persuading cable customers, who often receive 54 channels of free programming, to pay the extra $10 a month or more for one of the premium pay TV services.

This "over-abundance of choice" is also the key to understanding what is happening among the cable television programmers themselves. Indeed the shake-out in the cable programming field is considerably more pronounced than among the system operators.

Only two of the premium services, Home Box Office and Showtime, a similar channel which pipes 24-hour-a-day movies into the living room, are currently profitable.

Two months ago Showtime, which is owned by Viacom, and The Movie Channel, owned by Warner/Amex were merged into a joint venture run by Viacom after an earlier proposal to bring some of the big U.S. film studios into the deal floundered on anti-trust objections.

Few doubt that the industry will recover

Among the advertiser-supported television channels offering services to cable, the failure rate is even higher and few are profitable.

The recent casualties have included CBS Cable, which lost $50m before its parent closed it down, and Cable Health Network, owned by Viacom, which is merging with Daytime, owned by ABC and Hearst, the publishing group.

The most recent and perhaps most spectacular example of the problems in the programming sector was the decision of Viacom and Westinghouse to call off the battle with Turner Broadcasting's cable news network and sell their jointly owned rival, Satellite News Channel, to Turner for $25m after reportedly losing $100m.

Turner, owned by the flamboyant entrepreneur, Mr Ted Turner, managed to post its first profit last autumn and has so far succeeded in staying in the black each quarter this year.

This is in part due to its success in attracting advertising revenues. Turner's WTBS station, beamed out of Atlanta to a satellite and then bounced back to cable operators across the U.S., has managed to garner about half the industry's estimated $250m in advertising revenues, thanks to its relatively large audience figures. It reaches 26.6m homes.

The relative slowness of advertisers to embrace cable programming, in part because audiences are still small in comparison with the three major networks, has been a major blow to the cable programmers.

In order to make up for this lack of advertising revenue a number of the major cable programmers have begun to copy Turner's WTBS station policy of charging cable operators a fee per subscriber.

But despite such efforts most industry experts expect further consolidation and some, like Bill Bevins, a vice-president at Turner, predict that within a couple of years the number of advertiser - supported programmes will have shrunk considerably.

Cable programmers, but not cable operators, could also benefit from the introduction of new television programme delivery systems—and in particular from the launch earlier this week of the first commercial Direct Broadcast Satellite System (DBS).

The advent of DBS—which uses a satellite to beam programmes directly back to subscribers' homes via roof-top dishes—could mark the advent of a new period of competition.

Under the system launched last week by United Satellite Communications, a joint venture whose major shareholders are General Instrument, the Prudential Insurance Company and a group of private investors, five channels of programming will be beamed down to subscribers in the Indianapolis area.

A major competitive challenge to cable could come from the lowly telephone line. The U.S. is already "wired for telephone" which could provide many of the services like home banking and shopping which cable operators have their eyes upon as potential sources of additional revenues—and profits.

Few doubt that the U.S. cable industry will recover from its present problems. Indeed the shake-out is likely to produce as many winners as losers.

But some of the earlier dreams have been tempered by reality. What the U.S. cable industry has learned in growing up is that it can be a painful process if sights are set too high. But more importantly, it has also discovered that after the entrepreneurs must come the managers if cable is to deliver on the promises it has made.

Letters to the Editor

Opticians

From the Secretary, Federation of Optical Corporate Bodies

Sir, — I read with interest your report (November 14) of Sir Gordon Borrie's Hamptons lecture in which he again criticised the publicity rules of the General Optical Council which restrict the ability of opticians to advertise.

Many opticians have genuine grounds for firmly believing that advertising optical appliances prices is likely to be potentially misleading to the public. The main reason for this is that an optician must first know a person's prescription and their individual requirements before any quotation can sensibly be given for a particular pair of spectacles which will be suitable to their needs. Also since opticians would have to bear the cost of advertising, some find it a little difficult to understand how this additional on-cost would help to reduce the average price of spectacles. Most opticians can already offer a budget price range of private spectacles and the notion that, if the GOC were to permit price advertising, this would somehow lead to cheaper spectacles is likely to prove a snare and a delusion.

The federation strongly believes in the need to provide the public with as much information as possible about optics. The federation will continue with its efforts in this direction whatever decision is ultimately reached with regard to advertising by opticians.

A. P. D. Westhead.
22, Nottingham Place, W1.

Jobs

From the Director of Information, Greater London Enterprise Board

Sir,—I was surprised to read (November 15) that Mr Bryan Cassidy, the Greater London Council opposition spokesman on industry and employment, had not been informed of the Greater London Enterprise Board's list of approved investment projects. Each quarter Mr Cassidy, and the other members of the GLC industry and employment committee, receive a very full report about the operations of the GLEB. Thus the quarterly report to June 30 gave a cumulative list itemising all the projects, including the number of jobs to be created or preserved, which had been approved by GLEB to that point. The GLC is now being sent the report to September 30 which updates this list and fully justifies the claim that around 1,200 jobs will be preserved or created as a result of the commitment of £8m by the GLEB to some 90 different investment projects.

Not only have we provided this information regularly, as Mr Cassidy will know the GLEB has invited himself and his colleagues to inspect a number of our GLEB supported enterprises. I am sure when he does so he will see the vital contribution which the GLEB is making, not only to the provision to new jobs, but to tackling the long-term decline in London's industrial base.

John Palmer.
63-67, Newington Causeway, SE1.

Telecom

From Sir John Mallabar

Sir,—I have read with some amusement the anti-privatisation of British Telecom advertisement in your issue of November 11 headed "You must have been out of your tiny minds." The implication is that the present service is efficient.

For some time past I have received some four or five calls a week intended for the Japanese Embassy, which most certainly is not operating from my flat. On average I receive some two or three other calls a week from people calling numbers not remotely resembling mine. When my number was 930 7121 I was frequently the recipient of calls—often in the middle of the night—intended for Scotland Yard. So much for efficiency.

Although I appreciate that telephones have now been split from posts, I cannot help putting on record that on Sunday, November 6, I posted a letter to Virginia Water with a first-class stamp. It was collected from the letter box on Monday and post marked November 7. It was delivered at Virginia Water on Thursday, November 10.

I made a sad mistake by adding a wax seal to a letter sent to Guildford recently, enclosing a cheque and bearing a first-class stamp. It was never delivered, although the cheque was never presented for payment. Was the seal an indication of value?

Is this efficiency?

(Sir) John Mallabar.
39 Arlington House, St. James's, SW1.

Investing

From Mr H. Holmes

Sir,—John Moore reports (November 15) that the Stock Exchange survey of share ownership finds that the "final salary" pension is a reason for not investing directly in equities as an individual.

It is entirely because of the sense of security derived from the prospect of such a pension that I was encouraged to become a private investor in a risk arena. There is no reason why others should not also be direct investors. Once initial diffidence is overcome, it is a simple, easy to understand medium.

The current tax efficient concessions, £5,300 a year capital gain free of any tax and then a flat rate of 30 per cent on the balance irrespective of one's possibly higher personal rate more than match anything the funds can offer. And any losses can be carried forward to offset future year's gains!

Perhaps the real reasons for declining individual investment are a combination of hard selling by the fund managers and laziness by the individuals—it does involve some effort being a private investor.

H. E. H. Holmes.
26 Burlington Avenue, Kew Gardens, Richmond, Surrey.

Electronics

From the chairman and chief executive Wayne Kerr Rendar.

Sir,—I was interested to read (November 14). Mr Jason Crisp's summary of the Cambridge Econometrics' study of the electronics industry although I have not read the full survey.

It is well known in the world that the last thing to do is to underestimate the British. This however, does not seem to prevent the British from so doing, especially the academic.

Having recently returned from the Wescon exhibition in San Francisco where the growth of the electronics industry through the 1980s was being forecast by several important and knowledgeable American contributors. I wondered whether I was in the same world as the authors of the Cambridge report. It is my sincere belief that it is they who are in "Dismal-land" rather than I in "Wonderland."

The most extraordinary item is the suggestion that those involved in military procurement will be sustained while others will stagnate. I can only say that those with a more intimate knowledge of electronics could not and would not concur.

Alan P. Dennis.
Durban Road, Bognor Regis, Sussex.

Health

From the Deputy Director Office of Health Economics.

Sir,—I refer to the article (November 15) on the strategy of the World Health Organisation towards third world health. I would like to make it clear that neither I nor the Office of Health Economics are in any doubt as to the desirability of encouraging the development of better primary health care systems right across the world. Nor do I question the wisdom of concentrating on the supply of a limited range of basic low-cost pharmaceuticals to populations currently so poor and underserved that they have no regular access to modern medicines and the benefits they may bring.

D. G. Taylor.
12, Whitehall, SW1.

Farmers

From the Chairman, Parliamentary Committee, The National Farmers' Union

Sir,—John Cherrington in his Farmers' Viewpoint on October 28 puts his finger on the real issue underlying the availability, or lack of it, of farms for young entrants — the present profitability of farming. None of us would wish to see an agricultural slump, but the balance between the demand for and the supply of farms to let will not be restored whilst agriculture remains at its present level of profitability. However, I believe that the agreement reached by the NFU and CLA, now translated into the Agricultural Holdings Bill, will help sort out some of the pressing problems facing the tenanted sector of agriculture today.

Nevertheless, I must take issue with John Cherrington's assertion that the NFU has not consulted nor heeded the representations of its grass-root members. We did in fact carry out a major consultation exercise in early 1980 before negotiations with the CLA, and have recently followed this up with a further detailed consultation of our County Branches.

Although it is true that land agents representing the institutions have recently been appearing in print to criticise the proposed rent formula, I must point out that the RICS, together with the other professional bodies, did give their clear support to the proposals when they were published in 1981.

F. E. Elliott.
Agriculture House, Knightsbridge, SW1.

Agriculture

From Mr Bryan Keatley

Sir,—I was very interested to read Mr Garrett's article in the Financial Times of Saturday October 29, and whereas I mean no disrespect to him I thought I detected a clear note of prejudice in what he wrote.

The Business Expansion Scheme is by definition drafted for those who wish to expand their business enterprises. It is virtually impossible for the average farmer to expand unless he has vast capital resources: borrowing from the bank or the Agricultural Mortgage Corporation at current rates is not a viable proposition except in marginal cases.

The recently published Agricultural Holdings Bill offers no comfort to the Agricultural Landlord Tenant system. The ramifications of that Bill will deter not only the private owners of land, but also the charitable and financial institutions from letting farms.

Few, if any, will deny the importance of agriculture to this country in our economic, social, political and international context. It follows, therefore, that if private individuals will invest in a farm enterprise albeit for reasons of personal financial planning, it can only be to the national advantage.

I speak objectively and with 25 years' experience of acting for most elements of the agricultural industry. I believe the present Business Expansion Scheme to be very much in the national interest and I am sad that Mr Garrett should have written a covertly critical article which appears not to have the benefit of an awareness of the complete background.

Bryan Keatley,
Humberts.
6 & 8 Lincoln's Inn Fields, WC2.

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Over to you Sir Kenneth

THE FIRST thing to be said about the report on the Metropolitan Police, just published by the Policy Studies Institute, is that it is almost certainly the largest, longest and most detailed study ever carried out on any police force anywhere.

The disadvantage of a study which runs to over 1,000 pages is that very few people will actually read it.

The idea of an independent study was launched in 1979 because the then Metropolitan Police Commissioner, Sir David McNee, was worried by the deterioration in relations between the police and the public.

But it is a racing certainty that the impression most likely to be encapsulated in the popular media is that the study is another damning indictment of the Metropolitan Police, brim-full of juicy allegations of wrong-doing.

This would be a great pity, partly because it would not be a true and fair account of the totality of the report, and partly because another wave of populist abuse of the police can only undermine the prospects for reforms which the present Commissioner, Sir Kenneth Newman, is trying to prepare.

To be sure, anyone looking for sticks to beat the police with will find quite a large number of them in the report. Vast numbers of people (at least 1.5m a year) are stopped in the streets of London but

Hugh Routledge

Mr David Smith, Senior Fellow of the Policy Studies Institute, pictured with his report on the Metropolitan police, "Police and the People in London"

Major problem in relations with young blacks

a substantial proportion of these stops are made without good enough specific reason in terms of the law and less than 10 per cent of these stops results in an arrest or a report.

Moreover, when the police do make arrests, they commonly break the rules in the ways they try to get evidence.

Outright fabrication is probably rare—though at least one instance was observed by the researchers in their extensive fieldwork—but "adjustment" of evidence ("gilding the lily" in police parlance) is more common. Officers often override suspects' rights, both in terms of formal procedure and in terms of bullying; and the police themselves believe that a small but significant minority of officers regularly show rudeness or use excessive force.

One of the most baffling topics in the study is the treatment of police relations with ethnic minorities. Some past studies have seemed to show that young blacks are stopped and arrested, not merely far more frequently than whites but on a scale so out of proportion either to their share of the population or their plausible responsibility for crime, that the police may reasonably be suspected of racial prejudice.

The new study vividly confirms not merely that racialism is rampant in the police force but that it is virtually an expected norm in the police sub-culture and one which senior officers do little or nothing to combat.

The researchers insist, over and over again, that the casual and semi-automatic racialism of language in the canteen or patrol car does not in general carry over into racialist action. "It would be quite wrong to assume that the police discriminate against members of minority groups or regularly behave towards them in a hostile manner." At the very least, this is a surprising judgment.

At all events, it is clear that the police have a major problem in their relations with young blacks. The young, of whatever colour, are more likely than their elders to have "negative contacts" with the police (i.e. be treated as suspects or trouble-makers) and there is a close correlation between the frequency of negative contacts and distrust of the police. Whereas the study says there is a "dangerous" lack of confidence in the police among young whites, distrust among young blacks is "disastrous."

One fifth to one third of young whites think the police use excessive force on arrest or in police stations; but among young blacks the proportion rises to over half and, over 40 per cent of them think the police fabricate evidence or falsify accounts of interviews.

Other aspects of the value-system of the police sub-culture will be entirely familiar to anyone who has spent time in an army barrack-room: sexism, male machismo, excessive drinking and contempt for people who are disorganised or somehow not respectable ("slag").

Yet the most revealing aspect of the study is the attempt to answer the question "What do policemen do all day?"

In some ways, the general picture of police activity is deeply depressing. The top priority of most policemen on the ground is an exciting car chase, a "good result" (arrest), a spot of action. As a result, a lot of time is spent aimlessly wandering around in an area car, or even hanging about in the station canteen (or, in the case of detectives, in the pub), waiting for something to turn up.

Supervision by senior officers appears to be either negative and bureaucratic (have the forms been filled in properly?), or lacking entirely.

There is such a tight match between the numbers of senior positions and the numbers of senior officers, that any promotion leads to "musical chairs" with the result that senior officers are rarely long enough in one place to know the men under their command. This is a classic recipe for ensuring that the priorities and activities of constables are effectively self-defined, and largely escape direction.

There is a quasi-rational justification for the priorities adopted by constables, in that it seems to fit some of the expectations of the man in the street, who wants the police fast in an emergency, and who wants the police to do something about crime. Yet most thinking policemen know perfectly well that there is rather little that the police can do about crime, except at the margins.

Nevertheless, the most optimistic conclusion of the study is that quite practical things can be done to rectify police shortcomings, not by drafting tighter rules and stricter laws, but by improving the management of the force and by developing more coherent strategies for police activity.

Now, the Met does not accept all the criticisms nor indeed all the recommendations of the PSI study. But there is a striking parallelism between the general thrust of the recommendations and the hectic, top-to-bottom review of policing

Top priority is an exciting car chase

activity which has been under way in the year since Sir Kenneth Newman took over.

In its comments on the PSI report, the Met claims to be in the process of making a large number of practical reforms which meet some of the criticisms—local consultation, public opinion surveys, training and so on—so as to produce more purposeful policing.

But in his most ambitious project, to formulate a new code of ethics and professional conduct (the first such attempt since 1829), Sir Kenneth is aiming to reform the entire ethos of the Met.

Given the closed nature of the police sub-culture, the strains between the police and sections of the public, and the adverse comment likely to flow from the PSI study, that may be a tall order. But an improvement in coherent, purposeful police strategy would certainly help.

'It's just like being at a graveside'

By James Buchan in Bonn

Trees being used for research into acid rain at Stuttgart-Hohenheim University in West Germany

see, broken up only by clearings for tiny villages ringed by fields.

A little closer, types can be distinguished. The ones with pointed tops are Norway spruces, which the English think of as Christmas trees; the flatter ones are silver firs if they have grey bark, pines if red. A few larches stand out, golden as the sunlight: and there is the occasional beech.

Closer still, each tree is dying, in a different way.

An old fir shows the blue sky through its crown. Spruce branches droop wearily—what foresters call the "tinsel effect," as if overburdened by indulgent parents on Christmas Eve. Another has lost great strips of bark to beetles.

Saplings have turned yellow or have lost all but this year's needles and even those are deformed.

Some beeches have curious indentations in their leaves, as if they were struggling to turn into oaks. "It's like being at a graveside," says Herr Christoph Leinss, forester of the Altenscheid area of the Black Forest.

The German forest, a priceless resource and at the very centre of Germans' notions of themselves and their world, is desperately sick and nobody is quite sure why. A recent government-backed report blamed acid rain as a principal culprit.

A census carried out by foresters for the Bonn Agriculture *Ministry* in the summer showed that 34 per cent of West Germany's woodland, which itself covers a third of the country, was damaged. Hardest hit are the conifers, which with the exception of the larch do not shed their needles annually.

Three-quarters of the fir population—a fairly delicate tree which grows primarily in the southern states of Bavaria and Baden-Wuerttemberg—*is* sick. In Herr Leinss' part of the Black Forest there is hardly a healthy tree left. Spruces, the most valuable of Germany's softwoods and the bread and butter of the timber industry, are 40 per cent damaged as are the pines. A quarter of the country's beeches, the most common and valuable tree in central Europe, are unhealthy.

Across the border *in* East Germany, and above all in Czechoslovakian Bohemia, the picture is not as well documented but is probably as catastrophic.

It is not simply the West German timber industry, worth about DM 3.5bn per annum, and the half-million or so private landowners, who are alarmed that prices will fall because of the foresters' drastic felling this year.

The entire population is up in arms.

A survey conducted in midsummer by the Allensbach Institute revealed that 99 per cent of those asked had heard of *Waldsterben*—the death of Germany's forests. More of the respondents were concerned about the woods than about the Pershing-2 missiles which may one day be unleashed from amid them. More than 60 per cent were ready to pay a special tax to save the Forest.

There have been inexplicable tree blights in the Black Forest before. What distinguishes this year's *Waldsterben*—or "Forest Damage of a New Sort" as it is more soberly known—is the speed and extent of the devastation. Even last year, a tree census, admittedly now criticised for lack of thoroughness, showed damage to only 8 per cent of the country's woodland against today's third.

"It looks as if we have crossed some sort of threshold of tolerance after which it's sharply downhill," says Herr Ralf Burg, an adviser to the Greens party in the Baden-Wuerttemberg parliament.

The key question *is*, why are the trees at Altensteig, miles away from any industry and in an area famed for the curative properties of its air, dying.

The blight, which began with the firs in the 1970s and has spread to the other species only in the past couple of years, was at first ascribed to hot summers, above all the *Sonnenjahr* of 1976.

When succeeding years showed no let-up in the damage, the theory of "acid rain" became current. This supposes that sulphur dioxide from industry, and nitrogen oxides—mainly from vehicles—mix with moisture and oxygen and precipitate as sulphuric and nitric acids.

This theory was attacked when trees growing on alkaline soil, as in the Schwaebische Alb or in Bavaria, were also found to be dying at an alarming rate.

A battle royal broke out in the German scientific community. "Mycologists say its funguses, bacteriologists say it's bacteria, virologists that it's viruses." Herr Juergen Schmidt of the Baden-Wuerttemberg agriculture ministry says. Economic interest groups, which are well organised in Germany, smoothly proposed that everybody should wait till the causes were known.

In a monumental report last Experts rejected arguments that the plague was simply a matter of bad forestry, monoculture or drought and frost.

The Commission suggested that airborne material such as sulphur dioxide, the nitrogen oxides, heavy metals and photo-oxidising agents were the prime offenders. They then left the trees exposed to secondary damage from the weather, bacteria or the bark beetle. "We have at least identified the ring-leaders of the gang." Herr Ulrich Lochmann of the Baden-Wuerttemberg Ministry of State says.

Even before the Commission's report, the conservative parties had moved to take over the Greens' ground. Herr Spaeth has since opened a new research centre into the problem and campaigned tirelessly at the Stuttgart EEC summit in June. The Bonn Government pushed through a Bill requiring all new power stations to be equipped with gas scrubbers to cut sulphur dioxide emissions by a third. The industry says this can cost up to DM 200m per plant.

Meanwhile, Bonn has stuck its neck out by ordering that from 1986, all new cars must be fitted with American-style catalysators to cut out the nitrogen oxides—a condition for which is lead-free petrol.

Not to be outdone, the Social Democrats have transformed their last Transport Minister, Dr Volker Hauff, into an environment spokesman. And as for the Greens, Herr Franz *Unterstelle in Stuttgart admits* the other parties have caught up in their recognition of the problem, while saying the state and federal measures are wholly inadequate.

Industry is now worried, with the German Federation of Chambers of Commerce wanly appealing to the parties not to outdo one another to the detriment of the economy.

Germany cannot solve its *problems* alone. *The* wind that blows through Altensteig's woods has come from Alsace. "The French used to regard this as a German problem but they are coming round to the need for a European solution." says Herr Lochmann, reporting on Herr Spaeth's vigorous diplomacy over recent months.

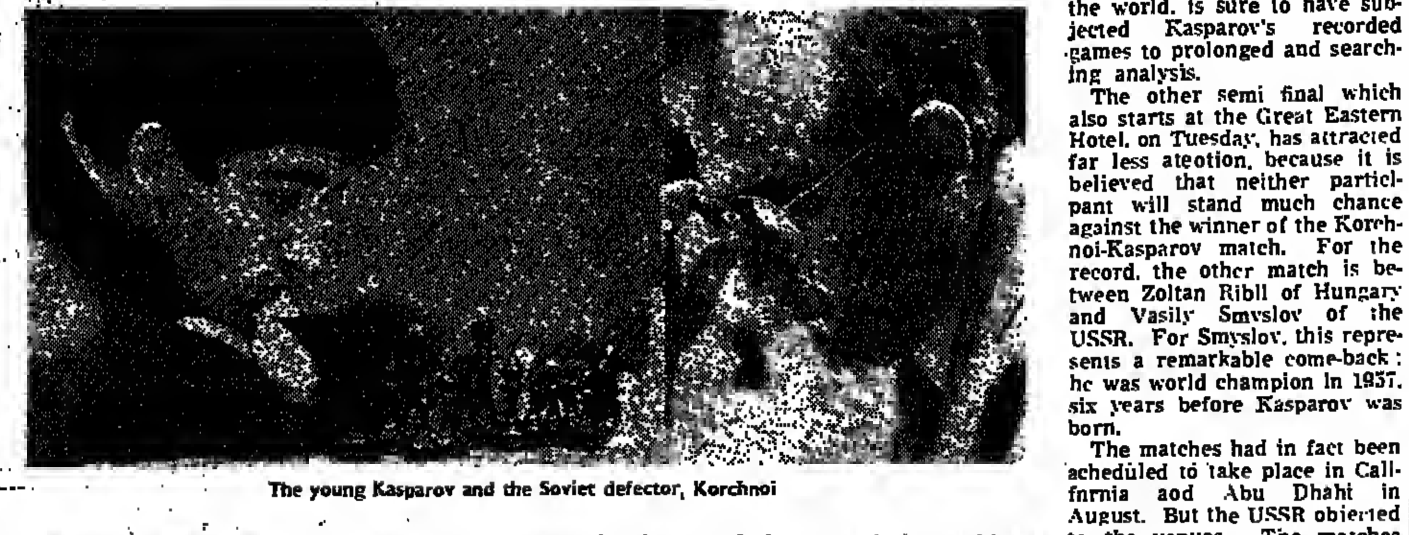
Meanwhile, West Germany exports to France and East Germany only slightly less sulphur dioxide than *it imports*. The Bonn Government intends to convene an international environmental conference in Munich, with participation from eastern Europe and the Soviet Union.

Whether all this can save the Altensteig trees is open to question. "It's all been so quick," Herr Leinss says, "too quick for natural selection of the robust trees."

Herr Lochmann also raises a more chilling prospect: "Thank God, trees are more sensitive than human beings and have reacted first."

Weekend Brief

Russian knights of the chessboard: Red v. White



The young Kasparov and the Soviet defector, Korchnoi

AT FOUR O'CLOCK on Monday afternoon Victor Korchnoi and Gary Kasparov will face each other over the chessboard in London's Great Eastern Hotel to play the first moves in the crunch match of the Acorn Computer World Chess Championship semi-finals.

It is the first time that the final stages of the World Chess Championship have taken place in this country. According to the *English chess Grandmaster* Raymond Keene: "This is the most important chess event to take place in this country since the London International Tournament of 1851."

Korchnoi and Kasparov are generally agreed to be the most charismatic and explosive chess-players of the moment. Korchnoi is well known in the West from his two unsuccessful attempts to wrest the world chess championship from its holder since 1975, the USSR's Anatoly Karpov. Those encounters in 1978 and 1981 were marked by great acrimony, *chiefly because Korchnoi* is a defector. In 1976, after a tournament in Amsterdam, he walked into a Dutch police station and obtained political asylum. He is now a Swiss citizen, and regularly denounces the Soviet Union.

Gary Kasparov is the most prodigious player that the chess world has seen since Bobby Fischer of the U.S. Twenty years old, he is second only to Karpov in the world chess rankings. He was born Garik Wainshtein of a Jewish father, in Baku, the capital of the Soviet republic of Azerbaidzhan, next to Iran and the Caspian Sea. His name was changed to Kasparov, a Russian version of his Armenian mother's maiden name, when he was 12. At the age of 16 he astonished the chess world by annihilating a very strong field of grandmasters in a tournament *in* Yugoslavia. Since then he has lived with the tag of "future world champion."

If he succeeds in reaching a match with Karpov next year, and wins, he will be the youngest-ever chess world champion. But first he will have to overcome the indefatigable 52-year-old Korchnoi in the best of 12 games in the match which starts in a couple of days. On paper Kasparov looks an overwhelming favourite. But it will be only the second full-scale match he has played. Chess matches put a great psychological strain on the participants, much more so than tournament play. And Korchnoi, the most experienced match player in the world, is sure to have subjected Kasparov's recorded games to prolonged and searching analysis.

The other semi final which also starts at the Great Eastern Hotel, on Tuesday, has attracted far less attention, because it is believed that neither participant will stand much chance against the winner of the Korchnoi-Kasparov match. For the record, the other match is between Zoltan Ribli of Hungary and Vasily Smyslov of the USSR. For Smyslov, this represents a remarkable come-back: he was world champion in 1957, six years before Kasparov was born.

The matches had in fact been scheduled to take place in California and Abu Dhabi in August. But the USSR objected to the venues. The matches were bid for again, and England, due to a £50,000 offer by Acorn Computer, carried the day against the various efforts of Austria, Holland, Yugoslavia and Spain.

What does Anatoly Karpov, the world chess champion think of the match between his two main rivals? Talking to me in London this week he said: "Kasparov should win quite comfortably. But he is, like Fischer, a nervous man at the beginning of an event. If things start badly for him, then it could be very close."

Why doesn't industry appreciate young designers?

"The biggest degree show ever," is how one wag describes the dazzling display of work from 60 British colleges of art and design which will be unveiled on Wednesday at London's Barbican Centre, that monument to the inhumanity of modern building design.

But the exhibition, starkly entitled "Young Blood" and showing 2,000 pieces of work, from jewellery to computers, is more than just the largest shop window of design students' efforts anyone has assembled since the British art school system was founded in the mid-19th century.

Attached to the display, which will brighten the Barbican's drab concrete balls until mid-January, is a series of three *ambitious* day-long public "Enquiries" into the strengths and weaknesses of design education, into the future of the design profession, and into the apparent inability of British industry to emulate the way its foreign competitors exploit the talents of UK designers.

The exhibition and the enquiries are the brainchild of three men: Leonard Stoppani, principal of the West Surrey College of Art and Design, and two well-known luminaries of the Royal College of Art's Design and Research Unit, Professor Bruce Archer and Ken Baynes.

The accomplished the feat — in spite of the bitter internal politics of the academic world—of attracting participation and support from virtually every art and design college in Britain.

There is one notable exception: the Royal College of Art itself. It has held aloof on the grounds that it is the only purely postgraduate art and design institution in the country, and that "the categories under which the exhibition is organised do not correspond with the decision-making groups within the College."

Such haughtiness has provoked all sorts of scurrilous comments, such as "the College is afraid that the work of its expensively-funded students will not stand comparison with the output of all those poorer and less elevated establishments." It has certainly missed an ideal opportunity to rebut some of the long-standing complaints that it is failing to fulfil its role of training top designers for industry. Allegations that the College is an over-academic ivory tower are one of the issues at the centre of the internal turmoil which resulted this summer in the resignation of its Rector, Dr Lionel March.

'Come back Sophia Loren, all is forgiven'

FROM the cinema industry which gave you *La Dolce Vita*, *Satiricon* and spaghetti westerns too numerous to mention, now comes a true-life tale of art and commerce, a financial thriller about the future of one of Italy's biggest film companies. This week saw the dramatic resignation of Renzo Rossellini, son of the famous Italian director, Roberto Rossellini, and managing director of Gaumont-Italia, the troubled subsidiary of Gaumont of France.

Rossellini *junior's* departure set the Rome-based film industry buzzing with gossip and dire predictions about the *crisi* it represented. Most of all, however, it led to the admission by more than one Italian film aficianado that the industry's Public Enemy Number One is not recession, but "the dreadfully commercial John Travolta."

"The fact that American films are now taking 75 per cent at the box office could deal a definite strategic defeat to the European and Italian cinema," warned Rossellini in an interview. "How can we compete with this commercial rubbish like *Flashdance* and *Staying Alive*?" asked one disgruntled Gaumont employee.

Gaumont-Italia was formed in 1978. Since then it has employed most of the country's leading directors, including Frederico Fellini. But the film-going public in Italy is not squawking about the aesthetic elegance of Fellini's newest film —*And The Ship Sails On*, an Oscar candidate for 1984. It just wants shoot-em-ups from Hollywood and the larger than life image of Mr Travolta's sweaty triceps.

As if this were not enough, the film industry is finding it increasingly difficult to compete with Italian television, which on any given night will show a dozen films, several of them quite recent. This week, for example, Italians could sit in their living rooms and watch *Mephisto*, *Kromer versus Kromer*, as well as the more visceral Burt Reynolds, Clint Eastwood and Raquel Welch.

Although Gaumont-Italia has co-produced a number of films with RAI, the Italian state television network, these have not been very profitable. And a number of unofficial private television networks are showing enough films to keep box office takings down.

Of the 14 films Gaumont-Italia has made this year, all but four of them have been loss-makers. Fellini's latest, for example, was described bluntly by one Gaumont man as "a big flop." The film cost L5bn (£2.1m) to make, a bargain by Hollywood standards. But it is expected to gross only L1bn and Gaumont-Italia reckons it will lose much of the L700m (£300,000) it has invested in the project.

Gaumont-Italia has also come in for criticism about the way it has expanded and diversified, both buying up cinemas and venturing into fields as disparate as publishing and night clubs. This year alone, Gaumont-Italia is expected to lose L5.5bn (£2.3m), a wapping increase on its loss of L1bn last year.

Renzo Rossellini has not made clear his precise reasons for leaving Gaumont, but a number of his critics blame him for being too interested in "beautiful art films" and not sufficiently intent upon the bottom line.

For the foreigner in Italy, it may seem a bit strange to see Gene Kelly singing in the rain in dubbed Italian, but Kelly and the ever popular Clint Eastwood appeared to be more successful in capturing the imagination of the average Italian film goer than Fellini's angst-ridden character. All of this led one Rome taxi driver to utter the Italian equivalent of "Come back Sophia Loren, all is forgiven."

Contributors:
Dominic Lawson
Christopher Lorenz
Alan Friedman

Dominic Lawson is a member of the organising committee of the World Chess Championship semi-finals.

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.25	8.25	9.00	2-year Bondshare, 90 days' notice and penalty
			8.25	High Option, 90 days' notice. No penalty
			8.25	7 days' notice. No interest penalty
Aid to Thrift	8.50	—	—	
Alliance	7.25	8.25	9.00	2 years, 3 months' notice/penalty
			8.50	28 days' notice. Imm. withdwl., 28 days' penalty
			8.25	7 days' notice. No interest penalty
Anglia	7.25	8.25	8.75	3-year Bond. No notice. 3 months' penalty
			8.50	Capital Share. No notice. 1 month's penalty
Bradford and Bingley	7.25	8.25	8.50	1 month's notice or on demand
			8.25	7 days' notice
Britannia	7.25	8.25	8.25	7 days' notice. 8.50 2 months' notice
Cardiff	8.00	8.75	—	
	*8.50	—	—	* Share account balance £10,000 and over
Catholic	7.50	8.50	8.50	6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	8.75	2/3 years. Details supplied
Chelsea	7.25	8.25	8.75	Immed. withdrawal (int. pen.) or 1 mth.'s not.
Cheltenham and Gloucester	7.25	8.25	8.25	Gold account £1,000 + no notice on penalties. Monthly interest. £5,000 minimum, 8.57 if compounded
Citizens Regency	7.50	9.00	8.40	plus account no penalty. Double option 8.50
City of London (The)	7.50	8.25	9.00	6 months' notice—no penalty
Derbyshire	7.25	8.50	9.00	8.25 1 month's not., 7.75-8.60 3 months' notice
Greenwich	7.25	8.50	8.50	(max.) at 28 days' notice/penalty
Guardian	7.50	—	8.75	3 months, £1,000 minimum
Halifax	7.25	8.25	8.25	Xtra Interest, 7 days' notice, no penalty
			8.50	Xtra Interest Plus, 3 months' notice no penalty
			9.00	High Growth Bond, 3 months' notice/penalty
Heart of England	7.25	8.50	9.00	8.25 5-day Notice Account.
Hemel Hempstead	7.25	8.50	9.25	2 years, 8.75 3 years, 8.50 3 months
Hendon	8.25	—	8.75	3 months
Lambeth	7.50	8.75	9.10	28 days plus loss of interest, 8.25 3 mths.
Leamington Spa	7.35	—	8.50	Top Ten. 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00	2 years with monthly int. 8.50 1 month's pen.
Leeds Permanent	7.25	8.25	8.50	Ex. Int. £500 min., 9.00 Bond 2 yrs. £1,000 min.
Leicester	7.25	8.25	8.25	3 months
London and Grosvenor	7.75		8.25	High Yield (1 month)
London Permanent	7.75	—	8.75	1-year term. 1mo. wdl. with loss of 1% bonus
Midshires	7.25	8.25	8.25	7 days' notice. £500 minimum
Mornington	8.50	8.50	—	
National Counties	7.25	8.55	9.10	28 days' notice £500 minimum
National and Provincial	7.25	8.25	8.50	1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75	Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 8.25, £500 minimum withdwl. with 28 days' loss or notice
Newcastle	7.25	8.50	8.75	4 yrs., 9.00 2 yrs., 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
New Cross	8.25	—	8.25-8.75	on share accounts, depending on minimum balance over 6 months
Northern Rock	7.25	8.50	8.25	7-Day Moneyspinner, 7 days' not. wdl. no pen.
			8.75	Premium Moneyspinner on demand 28 days' loss of interest on amount wdn.
Norwich	7.25	8.50	8.50	City Account, immed. withdls. with no penalty
Paddington	7.75	9.25	8.75	1 mth.'s not., or 1 mth.'s int. loss on sums wdn.
Peckham	8.00	—	8.25	1 month, 9.00 3 months' notice (no penalty)
Portman	7.25	8.75	8.75	Two months' notice, 8.25 no notice
Portsmouth	7.55	9.05	9.40	5 years, 9.00 5 months, 8.50 1 month
Property Owners	7.75	9.00	8.75	28 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25	Money Care and Free Life Insurance
Skipton	7.25	8.50	—	£1,000-£4,999 Sovereign, no penalties, no notice
			8.50	£5,000+, no penalties, no notice
Stroud	7.25	8.50	8.85	3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25	7 days' notice, 8.50 Sx. Sh., 7.50 Sh. a/c 2,500+
Sussex Mutual	7.50	9.00	7.75-9.00	
Thrift	8.15	—	9.15	3 years' term. Other accounts available
Town and Country	7.25	8.25	9.00	2 yrs. ½-yrly. int. Monthly income wdl. facility
			8.50	28 days' notice or imm. withdrwl. with penalty
Wessex	8.30	—	—	
Woolwich	7.25	8.25	8.25	7 days' notice
			8.50	90 days' notice or on demand (interest pen.)
			9.00	2-year term, or 90 days' penalty (interest pen.)
Yorkshire	7.25	8.25	8.50	Diamond Key, 60 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Chemicals boost Hickson to £11.3m—paying more

GROWTH HAS continued at Hickson International, and for the 12 months ended September 30 1983 profits have advanced from £7.62m to £11.3m.

The figures cover the first 12 months of a 15-month period. A second interim dividend of 6p is declared to make 9p to date, compared with 7.5p. A final will be proposed in April.

The directors report that UK companies, particularly in the chemicals division, have continued to improve while economic conditions have had an adverse effect on business in Singapore and New Zealand.

Increased profits from chemical operations reflect the *improvement in costs achieved* through rationalisation, together with higher export sales and better margins resulting from the reduction in the value of sterling.

However the UK market for many of the chemicals that the company supplies has so far shown little significant volume recovery.

Progress in timber products operations in the UK and South Africa has been off-set by a decline in Singapore and New Zealand.

Profits from building materials have not kept pace with increased turnover. Margins on some imported products have been *eroded both by competition* and by the lower values of sterling.

Turnover for the period rose from £104.61m to £114.65m. The profit included investment income of £525,000 (£505,000) and was after interest payable £485,000 (£551,000) and redundancy and closure costs £473,000 (£545,000). Tax takes £5.06m (£3.16m) to leave the net profit at £6.27m (£4.46m), or 32p (25p) per share.

● **comment**

With recent results from ICI and Hoechst signalling the cyclical recovery in the chemicals sector, Hickson has turned in some pleasing figures. Helped by the high quality—*albeit lower—earnings* from timber products, the pre-tax surplus is more than a tenth higher than the previous record of six years ago. This, coupled with the first dividend rise for five years, sent the shares 13p higher to 350p, where the historical fully-taxed p/e of *just over 12 seems about right* given the short-term attractions of chemicals but, on the other hand, the company's intrinsic vulnerability to the inevitable downturn. To be fair, there have been concerted efforts to broaden the base through the timber preservation activities — with notable success. In addition, the company has spent a lot rationalising chemicals. But chemicals blow cold as often as they blow hot, and the competition in the marketplace comes from some pretty heavyweight corporate animals.

Substantial profit lift forecast by John Foster

AGAINST THE usual seasonal trend, *John Foster & Son* has made a profit in the first half, and the directors are looking to the full year showing a substantial profit rise over the £245,000 achieved in the year ended February 25 1983.

Turnover of the group—spinner and manufacturers of *cloths—for* the six months showed some increase at £6.44m, compared with £6.35m, and there was a profit of £19,672, against a loss of £228,556. The improvement is greater than the directors anticipated and they warn that in the second half it will be "somewhat smaller."

Earnings are shown at 0.2p (loss 4p) and the interim dividend is again 0.5p net per share. The final for the previous year was 1p.

● **comment**

This is the first time John Foster has made an interim profit for six years. To maintain its position at the very top end of the suit market, it runs high fixed labour costs, which means that small increases in volumes have a greatly magnified impact on the bottom line. A trend towards larger orders has allowed economies of scale to be achieved and the group has no longer been forced to take contracts at unacceptably low margins just to keep its highly skilled workforce employed. Progress with its attempts to enter the ladies' cloth and U.S. furnishing fabrics markets is—as expected—very slow, but the directors predict that they will soon form an increasingly significant part of turnover, 30 per cent of which is accounted for by mohair suits for Japanese executives. A tripling in the mohair price since January should have a dramatically formidable effect on historical cost profits in the second half, which in recent years has accounted for all the annual earnings. But cash flow could be hit. And even at John Foster's highly priced end of the suit market, consumer resistance to price changes could well become a dampener *on earnings*. The share price rose 1.5p to 35.5p, where the historic yield is 6.1 per cent.

Eastern shareholder bows out of Carpets Intl.

BY CHARLES BATCHELOR

Hong Kong Carpet Manufacturers, the group which acquired a 29.9 per cent stake in Carpets International as the result of a "dawn raid" in May 1980, has sold its remaining 20 per cent holding.

The sale has been made within months of the Hong Kong group announcing publicly that having sold one third of its original holding, it would retain the remainder as a long-term investment. International is Britain's largest carpet-maker despite recent cut-backs.

The recent restructuring of International, which left its former U.S. associate, Interface Flooring Systems, with options to take a 50.1 per cent holding in International's enlarged capital, apparently persuaded the Hong Kong group to sell out.

Exercise of the Interface option, which still has just over four years to run, would have reduced the Hong Kong stake to 10 per cent.

International said it was informed on Thursday by Hong Kong's stockbrokers, Rowe and Pitman, that it was in the process of selling the shares to a number of institutions.

At the recently prevailing share price of just over 60p, *Hong Kong practically* doubled its original investment. It bought a 25 per cent stake at 32p per share in the 1980 raid having previously held 4.9 per cent.

Despite the Hong Kong disposal, International's share price rose 2p to 63p on Thursday but surrendered this yesterday.

Mr William Trow, executive vice-chairman of International, said: "I am aware that they said publicly not very long ago they would retain the remaining shares as a long-term investment. I can only assume that in the event, their board decided to dispose of these shares. They told us about the sale.

"Having been the largest shareholder, it must be a difficult situation when they see another shareholder set to get more than 50 per cent."

In December 1982 International, with three years of losses behind it, announced far *reaching management* changes, job cuts and the plan to concede control to Interface.

It returned to a profit of £790,000 in the first six months of 1983 and analysts have forecast profits of more than £2m.

The Hong Kong group makes high-quality tufted carpets which are sold around the world, particularly in the U.S., under the "Taiping" label. It retains a 40 per cent stake in Carpets International Hong Kong, International's Far Eastern manufacturing and marketing subsidiary.

Courtaulds not selling Australian subsidiary

Courtaulds, the fibres, yarns and fabrics group, has rejected a A$9.3m (£5.78m) offer for its 64 per cent stake in its Australian subsidiary, Courtaulds Hilton.

The offer has come from Certosa Corporation, an unlisted Australian group with textile interests. Certosa, apparently acting with another company Entrad, has built up a 20 per cent holding in Hilton over the past few months.

Certosa has offered A$1 per share compared with Hilton's previous market price of A$0.70.

Courtaulds said in London: "The offer price is totally inadequate. Courtaulds supports the new management of Hilton and the work they have been doing. We take the view the management deserves our backing."

Hilton, based in Melbourne and with a listing on that Stock Exchange, has been undergoing a considerable restructuring over the past 12 months.

U.S. side holds back Geers Gross

IN THE first half of 1983 turnover of Geers Gross, the advertising agency and consultancy, hot up from £11.4m to £46.72m, but the [illegible] in the pre-tax profit was held back [illegible] only £21,000, from [illegible] to £858,000.

Geers Gross Advertising Inc in New York has experienced some pressure in profit margins [illegible] and reorganisational expenditure relating to the move to new offices.

Geers Gross Advertising London produced a strong performance marked by the best ever percentage increase in billing [illegible].

After tax £521,000 (£515,000) the net profit came out at £[illegible],000 (£514,000), and there is amortisation of goodwill £10,000 (£5,000). Earnings are [illegible]p ([illegible]p) and the interim dividend is again 2p. For the year 1982 the profit before tax amounted to £1.51m and the final dividend was 2p.

In London, major new account gains included British Telecom's retail telephone division, the Worthington best bitter brand from Bass, new assignments from Bristol-Myers and Imperial Tobacco, as well as the first UK-originated work for Fuji, its long-standing U.S. client.

In addition, Geers Gross West won the account of the Association of Investment Trust Companies, its first financial advertising client since forming a specialist division to handle this area of business.

Offsetting those gains, EP realigned its peanut business into another agency, as did BP which decided to consolidate all its business under one roof. Just recently the company resigned the Loewe account, a comparatively small business which it found unprofitable.

In June the New York agency failed to retain the Purolator account resulting from a change in management with the client company, and not through any competitive presentation. Since then, however, this billing has been more than recovered by the success in gaining new accounts.

The New York company has *consolidated its operations*, results of which should be an improvement in margins and an increasing recognition of abilities to handle major consumer accounts throughout the U.S.

● **comment**

In the flashy world of advertising, client fickleness makes trading a matter of swings and roundabouts. In GG's case it is not exactly clear what the latest position is but the company seems to have gained slightly more than it has lost in terms of net billings. This does not seem to have helped margins, however, which have suffered in the first half from the expensive consummation of last year's marriage between Kurtz and Tarlow and the existing U.S. business. Apart from the costs of reducing staff duplication between the two operations there was also the move to new common offices in New York. The improving economic conditions should keep the current momentum going, making around £2m possible this year (£1.8m). At this level the fully-taxed p/e of 12 at 140p, down 18p, *is still a fancy rating but* looks halfway reasonable against others in the sector.

Mercury waits for SE ruling

BY JOHN MOORE, CITY CORRESPONDENT

Mercury Securities, parent company of S. G. Warburg, the merchant bank, has not yet received the go-ahead from the Stock Exchange authorities to proceed with its acquisition of a 29.9 per cent stake in Akroyd and Smithers, one of the largest stockjobbing firms in the stock market.

Akroyd and Smithers said last night that the delay of the terms of the expected deal, and the full year results of the jobbing firm, will not now be announced before Monday of next week. "The Stock Exchange council and the regulatory authorities had not yet finished considering all the matters they have to consider," said Akroyd. The details and the results were expected last Thursday.

At the centre of the hitch to the possible £40m deal has been concern by both the Stock Exchange and the City Panel on Takeovers and Mergers about the implications of the deal. There are worries that Mercury may have influence over more than 29.9 per cent of the Akroyd equity if the deal goes ahead.

Both the Stock Exchange and the Takeover Panel are concerned that Warburg client funds, over which the bank has discretionary use, may be invested in Akroyd, a publicly quoted company, which could take its combined influence over the jobber to more than 29.9 per cent.

Under Stock Exchange rules, outsiders are not permitted to own more than 29.9 per cent of member firms. While under the rules of the Takeover Panel, if an investor raises his stake in a company to 30 per cent or more, a full takeover bid must be made for the company, which, of course, under the present Stock Exchange rules Mercury would not be able to carry out.

Meetings have been taking place throughout the week between Akroyd, Mercury, the Takeover Panel and the Stock Exchange in an effort to resolve the problem and further meetings are expected to take place on Monday.

The shares of Akroyd remained suspended at 585p while the deal is still being thrashed out. Mr Cecil Edwards, joint chairman of the Stock Exchange's quotations committee said yesterday that "we do not like suspending shares a minute longer than we have to."

Lucas offshoots in merger

Lucas Industries and Westfalische Metall Industrie KG Hueck and Co. (known as Hella) yesterday announced agreement for the Australian subsidiary companies to merge their automotive electrical manufacturing activities in a new company to be called Hella Manufacturing Company Pty, subject to approval by the authorities.

Lucas will own 20 per cent of the shares.

The new company will be licensed to manufacture products previously made in Australia by both companies, including the new Lucas project for Dough moulding compound headlamps and high contrast signal lamps. Both Lucas and Hella will continue marketing their own brand products separately through their present distribution networks.

Tight margins at G. Ruddle

A SHARP increase in sales volume was experienced by G. Ruddle, the Rutland Brewer but continued pressure on margins restricted profits growth in the six months to September 30 1983.

After some two years of near static sales turnover for the period rose from £3.79m to £4.63m, but trading profits only recorded a small advance to £769,000 against £574,000.

Including other income of £38,000 compared with £18,000, but after interest little changed at £6,000 (£7,000), profits at the taxable level improved by £35,000 to £420,000.

Prices have remained unchanged for 15 months, and it was not until September that the directors considered it right to apply a price increase to a significant proportion of sales.

The benefit of this should come through in the second half, the directors state. In the second half of last year the company earned £320,000 pre-tax making a full year total of £705,000.

Shareholders of this USM stock will receive an increased interim distribution of 1.25p (1.1p). Last year's final payment was 2.2p.

The directors say that the company is well positioned to supply larger breweries with specialist beers to augment their range, since its plant and skills are geared to the production of high quality, low volume products.

Also, the company's new two litre PET bottle is finding wide acceptance, and the company has opened some new take-home accounts which will further enhance sales volume during the second half.

For the opening period, tax took £142,000 (£182,500) leaving a net total of £278,209 (£202,531) equal to *earnings* of 1.25p (1.1p). After dividend payments, including preference of £214 (same), the retained surplus emerged at £229,487 (£164,291).

NFC over £9m at 48 weeks

IN THE 48 weeks to September 3 1983 the National Freight Consortium achieved pre-tax profits of £9.2m from turnover of £520m. A fourth interim dividend of 2.5p net is being paid on the £1 "A" and "B" ordinary shares—the company is unquoted.

Trading profits totalled £14m. Redundancy costs and exceptional items accounted for £4.6m, but profits from property came to £9.9m resulting in operating profits of £19.3m. Interest charges however, took £10.1m.

There was a tax charge of £700,000 and after extraordinary debits of £1.9m, attributable profits were £6.6m. Dividends absorbed £1.5m, leaving retained profits of £5.1m.

The directors say the "fair value" of "A" ordinary shares has been established by Ernst and Whinney, chartered accountants, at £2 per share. This is the price for buying or selling shares at the next dealing day for NFC shares, which will be on December 2. This price will remain in force until the announcement of a new "fair value."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div	Total for year	Total last year
J. Bellam	int	1.4	Dec 23	1.4	—	2.8
Black Arrow	int	1.25	Jan 3	1	—	3
John Foster	int	0.5	Jan 13	0.5	—	1.5
Geers Gross	int	2*	—	2	—	4
Hickson Intl	2nd int	6	Feb 17	5	—‡	7.5
G. Ruddle	int§	1.25	Jan 12	1.1	—	3.3
R. Smallshaw	int	0.5	Jan	0.5	—	¶
Third Mile Inv	int	0.7	—	nil	—	0.55

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. § USM stock. ‡ Makes 9p to date in respect of 15 month-period—final in April. ¶ Includes second interim of 0.5p.

Results due next week

For once the bottom line will be one of the less interesting figures in Johnson Matthey's results when the group reports on the six months to September 30 on Wednesday. The real interest will centre on a widely expected clarification of the £35m-£50m North American rationalisation costs announced last month. It is not clear to what extent the group plans to withdraw from that market, how these losses will be treated or whether they will end up above or below the line. All other things being equal, however, Johnson Matthey looks in line for a collapse of U.S. demand for jewellery and the weakness of the gold price. In those circumstances a dividend increase seems unlikely.

The City is looking for a substantial improvement in Metal Box's fortunes when the company reports its results for the six months to September 30, next Tuesday. The sale of its head office for £23m last February should allow a measurable decrease in borrowing charges against the comparable period. The important open top can division was well placed as UK market leader to profit from the public's thirst during an exceptionally hot summer while an upturn in profits at the Stelrad domestic boiler and radiator *companies is also expected* thanks to the improvement in the UK housing market. Meanwhile, the group has continued to reduce costs and improve financial controls. On that basis, the consensus is for a doubling in pre-tax profits to around £25m, with an increase in the dividend from 5.04p to 6p net.

The **Burton Group** has had a busy second half with sales up well over 30 per cent on the same period last year. The failure to buy Richard Shops and John Collier was a blow to chairman Mr Ralph Halpern but there is still plenty of scope for organic growth from Peter Robinson, Top Shop, and Dorothy *Perkins* for womenswear and Burton and Top Man for menswear. Pre-tax profits of £40m for the year to August are expected on Tuesday, up from £24.1m with a total net dividend of 9.25p up from 7.75p.

After a period out of favour with the market, **Boots** has been enjoying something of a re-rating in recent months. A better retail performance is expected after a flat period last year, both from improvements in efficiency and distribution and from the better levels of consumer spending. Higher profitability is also expected on the industrial side, particularly with the success of the drug Ibuprofen, soon to go over the counter in the U.S. The £60m sale of FBC to Schering, plus disposals of Timothy White stores, give Boots plenty of cash to finance capital spending. Analysts' forecasts for interim pre-tax profits, expected on Thursday, vary considerably, averaging around £53m before surplus on property disposals compared with £44.9m.

Following the confusion which led to last month's dramatic collapse of **Burnett & Hallamshire's** share price, few analysts are prepared to stick their necks out too far in forecasting the group's profits for the six months to September 30, due to be published on Thursday. But it is clear that the company is about to confront a sharp reversal in its earnings and that—in line with the new chairman's recent warning—last year's generous property dealing profits will be almost completely absent this time. Meanwhile, Rand Coal's losses should have increased on the back of the decline in the coal price, and mining equipment sales—which produced £2.9m in the last 12 months—*are expected to have* dwindled. All this points to a substantial decline from the comparable period's pre-tax profits of £9.5m to perhaps £5m.

Also due next week are **Comet Group's** full-year figures, and **Hambro's** interim results on Monday. **Amersham International** and **C. E. Heath Insurance** will be reporting their interim results on Tuesday. On Thursday, **French Kier**, **Argyll Group** and **Powell Duffryn** will be announcing their figures for the first six months of the year.

Company	Announcement due	Dividend (p)* Last year Int	Last year Final	This year Int
FINAL DIVIDENDS				
Adam Leisure	Tuesday	—	—	—
Australia and New Zealand Banking Grp	Monday††	14.0	14.0	14.0
Berthwick Thomas and Sons	Friday	—	—	—
Sutton Group	Tuesday	2.5	5.25	3.1
Castlefield (Klang) Rubber Estate	Thursday	4.0	10.0	4.0
Comet Group	Monday	1.47	2.35	2.0
Concentric	Monday	1.21	2.1	1.21
Foreign Investment Trust	Thursday	2.1	2.45	2.1
Higsons Brewery	Friday	0.8	2.2	0.8
Killinchall (Rubber) Development Fund	Thursday	2.0	6.0	2.0
Marine Adventure Sailing Trust	Wednesday	—	—	—
Saga Holidays	Friday	1.2	2.53	1.2
Scottish Cities Investment Trust	Friday	4.0	5.5	4.0
Scottish Investment Trust	Friday	1.7	3.0	1.7
Sturgeon Private Hospital	Monday	—	—	—
Tomkinsons	Friday	—	4.2	—
INTERIM DIVIDENDS				
Amersham International	Tuesday	1.65	2.55	
Boots Company	Thursday	1.75	3.0	
Bulmer and Lumb (Holdings)	Wednesday	1.65	2.17	
Burnett and Hallamshire Holdings	Thursday	4.0	4.75	
Combined Technologies Corporation	Monday	—	—	
Ericsson (Telefonaktiebolaget LM)	Monday‡	—	7.50	
Euston Centre Properties	Monday	—	—	
Excel Group	Thursday	2.5	7.5	
French Kier Holdings	Thursday	1.25	3.8	
Glebe Investment Trust	Thursday	2.38	4.75	
International Thomson Organisation	Wednesday ‖	—	—	
Hambro Trust	Monday	1.53	4.02	
Hanover Investments (Holdings)	Thursday	0.7	1.15	
Heath C. E.	Tuesday	5.0	8.75	
Hinton, Amos and Sons	Tuesday	2.4	3.9	
Initial	Monday	3.75	9.0	
Johnson Matthey	Wednesday	3.0	7.5	
Locker Thomas (Holdings)	Thursday	0.775	0.95	
London and Lennox Investment Trust	Tuesday	0.6	[illegible]	
Metal Box	Tuesday	5.04	8.51	
MK Electric Group	Monday	2.75	5.75	
Mosmes	Monday	—	—	
Moorgate Mercantile Holdings	Wednesday	0.5	0.7	
Murray Technology Investments	Tuesday	—	0.75	
Norsem Oil	Thursday	0.66667	1.2	
Farnell Electronics	Tuesday	1.5	3.0	
Parkland Textile (Holdings)	Tuesday	1.5	3.1	
Powell Duffryn	Thursday	2.7	7.55	
Readicut International	Wednesday	—	1.1	
Redland	Thursday	2.95	5.11	
Regalian Properties	Monday	—	1.75	
Seymore	Tuesday	0.375	0.375	
Rotaprint	Thursday	—	0.1	
Rothmans International	Wednesday	1.7	4.0	
TR Property Investment Trust	Tuesday	1.1	1.7	
Walker and Staff Holdings	Thursday	—	1.2	
Warnford Investments	Thursday	3.5	7.0	
Whitbread Investment Company	Wednesday	1.76	2.53	
Zygal Dynamics	Tuesday	—	0.75	
A and M Hire	Tuesday	—	—	
Argyll Group	Thursday	—	—	
Channel Tunnel Investments	Wednesday	—	—	
Ivory and Sime	Monday	—	—	
Southwest Resources	Monday	—	—	
Tricentrol	Thursday‡‡	—	—	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡In cents. ‡‡In Kr per share gross. ††Third quarter figures.

Siebe steps up bid offensive on Tecalemit

BY DAVID DODWELL

Siebe Gorman, the protective clothing, engineering and safety products group which has mounted an £18.3m cash or shares offer for Tecalemit, the garage equipment manufacturer, yesterday revealed almost-doubled profits for the first half of 1983 as part of its bid offensive.

Mr William Pybus, chairman of Siebe Gorman, disclosed yesterday in his final offer document that his company had made pre-tax profits for the six months to September 30 1983 of £3.6m. This compares with £1.94m for the same period of 1982. Sales in the same period have risen from £33m to £62.6m.

The profits figures were revealed, despite initial reluctance, because of pressure from Tecalemit and its financial advisers Kleinwort Benson, who have been fiercely contesting the bid.

Mr Simon Barrow at Kleinwort's said last night that he was pleased Siebe had come forward with its figures, and that Tecalemit was in the process of assessing them.

Siebe first launched its bid for Tecalemit in the middle of September. At that stage it was an all share offer valuing Tecalemit at £15m. Just a week ago, Siebe boosted the offer, and provided a cash alternative.

The terms now involve three Siebe shares or 990p for every 20 in Tecalemit. The cash alternative values Tecalemit shares at 49.5p, while the share offer, at yesterday's closing price of 348p for Siebe, values Tecalemit shares at 52.2p. Tecalemit shares remained unchanged on the stock market at 51p.

Taking into account fresh share purchases made by Siebe yesterday, it now owns 15.8 per cent of Tecalemit's shares. It disclosed last week that it has also won acceptances accounting for a further 6.94 per cent.

Siebe has set a December 2 deadline for the offer, and has said that it will not be increased.

The profits figure released yesterday includes a contribution from Siebe Norton Inc, the recently acquired U.S. subsidiary. Excluding this contribution, Siebe Gorman calculates that pre-tax profits for the first six months were about 25 per cent up, with sales up 18 per cent.

On the company's performance for the full year, the company would only say: "Profits from Siebe Norton Inc for the second half, like those for Siebe Gorman in recent years, are expected to be higher than in the first half."

Edenspring holders support Oric buyout

BY DAVID DODWELL

Shareholders in Edenspring yesterday voted overwhelmingly in favour of plans to buy Oric Products International, the computer company founded last year, in an all-share deal worth about £8m.

Edenspring is the travel, motor and estate development company resurrected earlier this year from the ruins of Pennine Commercial Holdings, a company which almost collapsed after the fall of the Savings and Investment Bank on the Isle of Man in the autumn last year.

At an extraordinary meeting called to approve the deal—which will involve Edenspring losing its Stock Exchange listing—the board won support from shareholders accounting for 39.3m shares—almost 99 per cent of the company's capital.

Shareholders also approved an increase in the company's capital to enable it to complete the deal. By the creation of 140m new ordinary shares, Edenspring's authorised capital rises from £1m to £2.4m.

Mr Temple Melville, who organised the rescue of Pennine Commercial and has become the managing director of Edenspring, had hoped that the company could retain listing perhaps on the USM following the deal.

However, the Stock Exchange ruled against this in view of the short trading record of Oric, and because Oric is larger than Edenspring. As a result, Edenspring has arranged for a market to be made in its shares on the over-the-counter market (OTC).

Provided that Edenspring shares are delisted by the Stock Exchange on Monday as scheduled, then dealing is expected to start immediately. The company's official market maker will be UTC Securities Management; with three other market makers named—Afcor Investments, Chartwell Securities and Harvard Securities.

Oric, which is headed by Mr John Tullis from headquarters in the Cambridge Technopark, has revealed sales for the first six months of 1983 of £4.6m. It has sold about 120,000 computers to date, and Mr Tullis said yesterday that demand for its two computers was outstripping current production capacity.

Edenspring's shares have been suspended at 10p since early October.

Whittington share deal

Mr Stewart Jamieson, who resigned unexpectedly from Whittington International Holdings, the investment property group, a year ago, is understood to have disposed of his remaining shareholdings in the company.

The disposal was revealed yesterday when Aitken Hume, financial adviser to Whittington, announced it had placed a line of 3m Whittington shares in the hands of a number of private and institutional holders. The shares were acquired from Alibank Nominees, a company understood to be linked with Mr Jamieson, and amounted to about 9 per cent of Whittington's shares.

The only major shareholder in Whittington is now Aitken Hume itself, which was recently reported to hold about 18 per cent of Whittington's shares.

Mr Jamieson's resignation from Whittington came after just nine months in the post, and five months after an equally sudden resignation from Security Centres Holdings, the burglar alarm company backed by Aitken Hume. Mr Jamieson sold his 11 per cent stake in Security Centres at the time of his resignation.

Mr Jamieson has since become chairman of W. E. Norton, the loss-making machine tool distributor, where he has been closely involved in a rescue package. He injected about £400,000 into the company in March by subscribing to 32m new shares — about 38 per cent of the enlarged capital of the company.

Alibank Nominees is understood to have sold its stake at a slight discount to the current Whittington market price, which stood at 17½p at the end of trading yesterday. It raised about £500,000 through the sale.

In the first six months of 1983, Whittington reported pre-tax *profits of £109,000, against £3,000* during the first half of 1982.

AB Foods denies sugar deal

Associated British Foods, the Sunblest bakery group, yesterday denied it was planning to make a bid for Tate and Lyle, the sugar refiner. Tate's shares rose 48p last week to close at 404p yesterday on bid rumours.

Mr Garfield Weston, AB Foods chairman, said: "I strongly deny the *Stock Market rumours* that we are planning to bid for Tate and Lyle. Neither do we hold shares in the company."

The sugar group's shares, nevertheless, rose a further 4p yesterday.

Analysts said that Tate and Lyle was an unlikely target for the other main subject of the bid rumours, Hanson Trust. Tate and Lyle's new management has almost completed the job of turning the company round, leaving little scope for Hanson to sell off unprofitable divisions to reduce the cost of the deal, they said.

With the bulk of the company's assets in the form of sugar refineries there would be little that was easily disposable, they argued.

Trust Securities in talks

Trust Securities Holdings, the property group which earlier this year made an unsuccessful £109m offer for the larger property and construction group, Percy Bilton, may itself become the subject of a bid.

Trust announced yesterday that it had received an approach which might or might not lead to a bid at below its current market price. Its shares rose 5p to 44p to value the company at £13.76m.

Last month Trust exchanged contracts with Costain Property Development to buy a key 25-acre site at the Stockley Park development project near Heathrow Airport. This cleared the way for phase one of the scheme, which will provide more than 1.5m square feet of commercial floor space.

Landauer stake

Five directors of Landauer, a company with fibre, sea food and grain interest, have taken a 50 per cent stake in their company, formerly owned by Dow Scandia Holdings.

Harrisons and Crosfield, the plantations, chemicals and timber group, has taken up the remaining shares at a cost of under £500,000 cash.

Landauer has four subsidiaries—Landauer Fibres, Landauer International Seafoods, Landham Produce and Watson Grain.

Dual purchases in Rivlin

Mr David Wickins, who heads British Car Auctions, and Mr Michael Ashcroft, head of Hawley Group, yesterday moved simultaneously in revealing that they have each boosted their stakes in I. D. and S. Rivlin, a small household textiles and kitchen and bathroom furniture supplier.

Late in August, the two men separately revealed on the same day that they had each acquired a 9.9 per cent stake in Rivlin, which was recently floated on *the Unlisted Securities Market*.

After a fresh purchase of 75,000 shares by Mr Wickins and 50,000 shares by Mr Ashcroft, the two men now hold 12.9 per cent and 12.3 per cent respectively.

Mr Ashcroft and Mr Wickins share in common a number of stakes in the same company. Most significantly, Mr Ashcroft controls a 29.9 per cent stake in Cope Allman International, while Mr Wickins owns 13.6 per cent. The two men were members of the Dowable Consortium, which mounted an abortive £23.7m bid for Cope in March this year.

Mr Wickins has a 25.05 per cent stake in Group Lotus, while Mr Ashcroft's subsidiary, Coleman Milne owns 14 per cent of the company.

Taddale now has 90.5% of Branon

The offer for Branon by Taddale has been accepted in respect of 2,484,308 ordinary shares (89.5 per cent of the shares subject to the offer) of which 1,095,264 ordinary (39.4 per cent) were for the share offer and 1,389,044 (50.1 per cent) for the cash alternative.

Accordingly, together with the 300,000 ordinary already owned, Taddale now controls 2,784,308 ordinary shares (90.5 per cent) of the issued ordinary. The offer has been declared *unconditional in all respects*.

David Dixon Group

David Dixon Group says that Establishment Plambuit has increased its holding from 425,000 shares (23.4 per cent) to 450,000 25p ordinary shares which represents 24.77 per cent of the issued ordinary share capital.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

A buoyant market recently with sentiment lifted by last week's Citicorp/Vickers da Costa marriage, Akroyd and Smithers, one of only two quoted London stock jobbing firms, had dealings suspended ahead of the announcement that Mercury Securities, the parent company of merchant bankers S. G. Warburg, is set to take a 29.9 per cent holding, the maximum permissable under current Stock Exchange rules.

Scottish-based insurance broker Stenhouse Holdings is opposing a takeover attempt from its 49 per cent-owned Canadian subsidiary Reed Stenhouse, which decided to launch an offer when merger discussions between the two parties broke down. The share-exchange terms, one Reed Stenhouse plus 20p cash for every five Stenhouse, value the latter group at around £53m. Mr Paul Stenhouse, spokesman for the 31 per cent holding under the control of the Stenhouse family has declared his opposition to the proposals, but American insurance group Continental Corporation has indicated its willingness to accept the offer on behalf of its 21 per cent stake.

Civil engineering contractors Streeters of Godalming, currently beset by problems stemming from its involvement in Saudi Arabia, is in receipt of a rescue bid from construction group Costain. The cash offer of 20p per share values Streeters at £1.48m and compares with the pre-bid price at suspension of 38½p. Costain has held a 22.5 per cent stake in Streeters since 1979 and the bid has the agreement of the latter's board who state that the offer "represents the only way of ensuring that the company continues to trade."

Also on the civil engineering front, West's Group International is advising its shareholders to reject possible overtures from Espley-Tyas Property which acquired 14.9 per cent of West's in a market-raid last Tuesday and is widely predicted to be preparing a full-scale bid. Tarmac, the civil engineering and quarrying concern, made two separate acquisitions last week. On Tuesday it bought out Candecca Resources' minority stake in oil exploration group Plascom for £4.55m cash. This was followed on Thursday by the purchase of the concrete block operations of C. A. E. C. Howard, a private company, for a shares and cash consideration of around £9.5m.

Promotions House is making a bid for fellow Unlisted Securities Market member Berkeley and Hay Hill, a property and hotel management group. Promotions is offering 11 of its ordinary for every 30 Berkeley shares. The latter's board is advising shareholders to take no action at present.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Brkly & Hay Hill	10½	10½	10½	2.23	Promotions House
Danish Bacon 'A'	115*	100	110	1.98	Ess-Food
Drake and Scull	114§§	111	85	20.87	Simon Engineerg
Eagle Star	575*	653	528	795.37	BAT Inds
Eagle Star	500*§	653	500	692.02	Allianz Verschrng
FMC	49*	49	48	4.90	Hillsdown Hldgs
Firmin	90*	90	90	2.34	Aston Ford Invs
Garford-Lilley	88§§	84	38	5.80	Williams Hldgs
Hawkins & Tmpsn	44*§	43½	38	3.82	Evered
Helical Bar	65*§	68	75	1.89	Exent
Hoover (UK) Ord	240*§	230	215	18.34	Hoover (U.S.)
Hoover (UK) "A"	235*§	225	205	28.69	Hoover (U.S.)
Ingram (H.)	85*§	190	80	1.02	Wassken
Ins Cpn of Ireland	300§	272	224	156.27	Allied Irish
North Brit Prop	188*	184	158††	26.07	Sun Life Assur
Rightwise	238½*§	190	200	2.57	Crosby House
Royal Worcester	295§§	352	275	19.96	Crystalate
Russel Bros.	100*	135	115	0.72	Mr N. Phoenix
Stenhouse	140½§§	136	106	53.33	Reed Stnhse "A"
Streeters	20*§	30	38½††	1.15	Costain
Sunlight Serv	285†	235	192	34.53	Brengreen Hldgs
Tate of Leeds	210*§	209	170	1.21	Tate family
Tecalemit	43½	51	29	14.87	Siebe Gorman
Telfos	40*§	43	38	2.06	Plantation and Gen Ivs
Twinlock	71*§	70	60††	15.17	Acco World Cpo
UBM Group	132½§§	115½	99	77.69	Norcros

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ‖ Loan stock alternative. ** Based on 18/11/83. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

Scrip Issue

Kwik Save—One for one scrip issue.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Irish Bank	Sept§	42,000	(29,600)	4.5	(4.09)
American Oil Fld	June	644L	(5,800)L‡	—	(—)
Aquascutum	July	95	(226)	0.75	(0.75)
Bestwood	June	113	(91)	—	(—)
BET Omnibus	Sept	2,360	(89)	1.0	(0.5)
Black, Michael	Sept	105	(150)	0.5	(0.5)
Bulgin, A. F.	July	381	(343)	0.58	(0.58)
Cable & Wireless	Sept	80,000	(69,000)	2.4	(2.1)
Chamberlin & Hill	Sept	209	(141)	1.1	(1.1)
Cullen's Stores	Sept	33	(103)	0.7	(0.7)
Davis, Godfrey	Sept	1,850	(1,300)	1.5	(1.2)
East Midland A.P.	Oct	2,100	(1,750)	0.77	(0.7)
England, J. F.	July	152L	(90)L	—	(0.44)
GEI International	Sept	825	(740)	1.76	(1.76)
Grampian TV	Aug	222	(142)	1.2	(1.1)
HAT Group	Aug	3,880	(3,270)	1.65	(1.5)
Beadlam, Sims	July	153	(205)	1.4	(1.4)
Hunting Gibson	June	725	(578)	2.0	(2.0)
Intnl Signal	Sept**	9,360	(3,120)	0.7	(—)
Land Securities	Sept	9,880	(10,510)	3.3	(3.0)
LCP Holdings	Sept	3,350	(1,350)	1.8	(1.8)
Lep Group	June	864	(1,850)	4.0	(4.0)
Lond & Liverpool	Sept	1,040	(2,510)	0.75	(0.75)
LRC International	Sept	7,000	(5,500)	1.15	(0.95)
Morley, R. H.	Sept	61	(26)L	—	(—)
Moss, Robert	June	710	(325)	0.8	(0.66)
Platignum	July	328L	(407)L	—	(—)
Plessey	Sept	80,930	(66,940)	—	(—)
Royal Insurance	Sept‡‡	13,100	(30,400)	—	(—)
Seagram Distillrs	July	3,500	(166)L	—	(—)
Singlo Group	Oct	744	(664)	—	(—)
Skelchley	Sept	5,710	(4,370)	4.1	(3.6)
Slaters Foods	Sept††	282	(243)	0.9	(—)
Somic	Sept	112	(23)L	1.0	(—)
Spear, J. W.	June	159L	(481)L	—	(—)
Tesco	Aug††	25,000	(20,100)	1.5	(1.25)
Warrington, Thos	June	61	(212)	1.75	(1.75)
Whittington Eng	Sept	14	(7)	1.4	(1.4)
Young & Co Brew	Sept	1,610	(1,240)	2.5	(2.0)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where indicated. † On the 160p preferential shares. ‡ Figure for 15 months to December 31 1982. †† Figures for 24 weeks. § In £1. ** In dollars. ‡‡ Third quarter figures. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bailey, C.H.	March	538L	(158)L	—	(—)	—	(—)
Barton Trans	Sept.	173	(119)L	22.6	(—)	5.0†	(—)
Boolton, William	June	787L	(848)L	—	(—)	0.1	(0.1)
Gleeson, M. J.	June	1,720	(1,880)	27.9	(30.6)	7.0	(7.0)
GR Holding	June	3,140	(1,810)	24.7	(16.5)	4.5	(3.81)
Kwik Save	Aug	3,140	(1,180)	18.8	(18.1)	7.0	(6.0)
MicrofilmRepro	June	93L	(215)	—	(11.6)	1.5	(2.6)
SIG	July	2,600L	(290)L	—	(—)	—	(—)
Wade Potteries	July	734	(183)	4.3	(0.4)	2.2	(2.0)

Rights Issues

Air Call—Rights issue to raise £5.3m on basis of two new shares for every five held at price of 345p per share.

Aitken Hume—Rights issue to raise approximately £16.8m through issue of 12.38m shares of 25p on basis of three new shares at 140p each for every two held.

Charterhall—Raising £8.2m by way of a three for 10 rights issue at 62p per share.

Offers for sale, placings and introductions

Brewmaker—Coming to USM via offer of 4.2m shares at 33½p per share.

External Investment Trust—Offering £4m of 8 per cent convertible unsecured loan stock.

Mcbon—Coming to USM by way of a placing of 1,252,620 shares at 96p each.

Protimeter—Coming to USM by way of a placing of 1,554,720 shares at 26½p each.

V. G. Instruments—Full listing on stock market via an offer for sale by tender of 25 per cent of its equity. Minimum price should give capitalisation of around £80m.

West Kent Water Company—Offer for sale by tender of £1,625,000 6.25 per cent redeemable preference stock at minimum price of £99.50 per £100 of stock.

CONTRACTS

£22.5m order for ships

Moltrade, a joint venture linking Samson of London and Holv RDA of Heerenveen in the Netherlands, has placed a Fl 100m (£22.5m) order with three Dutch shipyards for the construction of four multi-purpose container ships. Two of the vessels will be built by Amels and Barkmaier, neighbouring yards in Friesland, north of Amsterdam, and the remaining pair by IJSEL FLEET COMBINATION in Ridderkerk, near Rotterdam. The first delivery is expected at the end of next year, with the others becoming available in the course of 1985.

★

MOLINS has been awarded a second contract from the Soviet Union worth over £7m for cigarette-making machinery, six months after winning a £5m contract. Like the first contract, this order is for Molins type mark 9 SM cigarette making machines specially designed to produce the oval shaped cigarettes smoked in great quantity in Russia. The machines, which operate at a speed of 4,500 cigarettes per minute, will be manufactured at Molins' Saunderton factory near High Wycombe, and will be installed in a number of cigarette factories throughout the Soviet Union in the latter half of 1984.

★

To provide management of its production planning and manufacturing operations, Ronaldsway Aircraft Co, of Ballasalla, Isle of Man, has chosen the SPERRY UNIS manufacturing and resource planning system. This will run on a Sperry 1100/71 mainframe with 40 online terminals and an integrated database. The contract is thought to be worth about £500,000. The Sperry solution will replace an IBM System 3/15D running the IPICS manufacturing package, and was chosen in preference to an IBM 4341 with COPICS. Ronaldsway Aircraft manufactures high precision assemblies for the aerospace industry.

★

BISON CONCRETE are supplying some 4,000 sq metres of wideslab precast concrete flooring plus staircases and other precast components for two schemes of retirements flats at Chichester and Horsham for Bryant Homes, Wokingham. The Bison components for the combined schemes amounts to a total of about £70,000. Main contractor is Bryant Homes.

£16m harvester order for Claas Farms

The West German CLAAS FARM EQUIPMENT COMPANY has won a contract from Hungary to supply 498 harvesters with 205 hp worth DM 65m (£16.3m). The family-owned company has exported 2,650 large harvesters to Hungary since 1971 where they are used in high-yield grain harvesting. Claas, which has a 40 per cent share of the West German market also sells between 40 and 120 harvesters a year to Bulgaria. The other Comecon countries use their own harvesters except for some 400 to 600 small machines sold to Moscow by the Finnish company Sampo-Rosenlew which are used in the northern parts of the Soviet Union.

★

The bulk fuel installation system for the Falkland Islands' Mount Pleasant airfield will be carried out by CAPPER NEILL INTERNATIONAL, overseas contracting arm of Capper Neill. The value of the contract is £5.2m. Capper Neill International has also been nominated as the storage system contractor by the Property Services Agency which is responsible for the £190m airport project to be built by Laing-Mowlem-ARC.

APPOINTMENTS

NatWest international posts

Mr David A. Ingham has been appointed regional general manager, Europe, for NATIONAL WESTMINSTER BANK's international banking division. He succeeds Mr Malcolm Fail who becomes assistant general manager of the division. Mr Bob Currie has been appointed deputy regional general manager (marketing), Europe, of the division. He succeeds Mr Ingham.

★

Mr Tom T. Candlish, a managing director of George Wimpey has become chairman of the EXPORT GROUP FOR THE CONSTRUCTIONAL INDUSTRIES. Mr Candlish, who has been a director of Wimpey for 10 years, also occupies a number of posts in the group. He is chairman of George Wimpey International, chairman of Brown & Root—Wimpey Highlands Fabricators, and chairman of Wimpey Marine.

★

Mr W. G. Charles Maxwell has joined the board of J. E. MATHER AND SONS, producer of British wines. He succeeds Mr Geoffrey Hobbs who is retiring on November 22. Mr Maxwell was nominated to the Mather board by its controlling shareholder, Matthew Clark and Sons (Holdings). He is already a director of the Matthew Clark subsidiary, The Finsbury Distillery.

★

PILKINGTON BROTHERS has appointed Professor Anthony Ledwith, ex-Dean of the Faculty of Science and Campbell Brown Professor of Industrial Chemistry at Liverpool University, to the new post of deputy director, group research and development, from January 1.

★

Mr Frank D. Winter has been appointed chief executive of the GKN special steels division and managing director of Brymbo Steel Works from January 1. Mr Brian D. Insch, a GKN corporate management director, will become chairman of Brymbo Steel Works in addition to his current responsibilities. These appointments will follow the retirement of Mr Neville Davies as chief executive of GKN special steels division and as chairman and managing director of Brymbo Steel Works.

★

Mr Michael Thompson, deputy managing director of the WILLIAMS LEA GROUP, has relinquished his position as managing director of Dolphin so that he can spend more time assisting operating companies. Mr Terry Raikes, formerly works director, has been appointed managing director of Dolphin, Brighton. Mr Michael Thompson remains chairman.

★

Mr Peter Ryan, until recently an executive director at Thomas Tilling, has joined the BUTTERFIELD PARTNERSHIP, an executive search company based in London. He completes a specialist team of only four partners, each of whom have held senior positions in banking, accountancy or marketing. Mr Ryan joins as an executive partner and is responsible for developing the company's commercial and industrial business.

★

Mr Brian Warren has been appointed managing director of SAMUEL ELLIOTT & SONS, joinery, architectural metalwork and shopfitting specialists, based in Reading. He was formerly with Trollope & Colls as a technical director. Samuel Elliott & Sons is a Trollope & Colls Holdings Group company.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$350	—	—	5	36	—	—	$375
GOLD C	$375	32	1.50	88	17	7	38	"
GOLD C	$400	—	—	98	8 A	4	18	"
GOLD C	$425	—	—	3	3.50	50	9.50	"
GOLD C	$450	—	—	—	—	23	5.10	"
GOLD P	$350	—	—	—	—	14	6.50	"
GOLD P	$375	206	0.50	42	9	8	12	"
[illegible]								
UNIL C	F.340	30	5.70	10	10.50	—	—	"
UNIL P	F.020	26	0.90	—	—	—	—	"
		Nov.		Feb.		May		
BASF C	DM.160	30	7.50	—	—	—	—	DM157.70
VW C	DM.220	40	2 B	—	—	—	—	DM225.50
		Jan.		April		July		
EOE C	F.140	10	3.30	—	—	—	—	F.143.78
EOE P	F.140	2	1.60	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 14,738

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel	§ 9 %
Amro Bank	9 %	C. Hoare & Co.	† 9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland	◻9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9 %	Standard Chartered	‖ 9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings	¶10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank	* 9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
◻ Money Market Cheque Account—8.75%. Effective annual rate—9.11%.

Economic Diary

TOMORROW: Department for National Savings' monthly progress report for October.

MONDAY: Ford pay talks. TUC Finance and General Purposes Committee meets. UN General Assembly debates Afghanistan. West German Parliament to vote on new medium-range nuclear missiles.

TUESDAY: EEC Budget Council meets in Brussels. EEC political co-operation meeting in Brussels. Abbey National Building Society board meeting. Mr Tom King, Employment Secretary, addresses Institute of Directors annual dinner at Grosvenor House, W1. IMF board meets in Washington.

Mr Neil Kinnock, Leader of the Opposition, opens European Parliament Socialist Group Shipping Conference at Assembly Hall, Church House, London. EEC Economic and Social Committee in plenary session in Brussels (until November 24).

WEDNESDAY: New construction orders for September. Polling in Dublin Central by-election. TUC General Council meets. Commonwealth Summit opens in Delhi (until November 30).

THURSDAY: Balance of payments current account and overseas trade figures (October). Energy trends (September). New vehicle registrations (October). Final unemployment and unfilled vacancies in October. Provisional employment figures for the production industries in September. Overtime and short-time working in the manufacturing industries in September. Stoppages of work due to industrial disputes (October-provisional). Henley Centre for Forecasting hold conference on "Forecasts of Leisure time activities and spending" at the Cumberland Hotel, W1.

FRIDAY: Provisional finished steel consumption and stock changes (third quarter). Sales and orders in the engineering industries (August). EEC Internal Market Council meeting in Brussels.

LADBROKE INDEX
716-721 (+2)
Based on FT Index
Tel: 01-493 5261

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*410)						
390	30	38	46	8	14	22
420	14	22	30	22	36	44
460	5	12	16	52	[illegible]	[illegible]
Cons. Goldfields (*478)						
460	45	65	77	20	[illegible]	[illegible]
500	85	45	52	47	[illegible]	[illegible]
550	11	23	—	87	[illegible]	[illegible]
600	5	12	—	132	[illegible]	[illegible]
650	2	4	—	182	[illegible]	[illegible]
Courtaulds (*108)						
75	32	—	—	1	[illegible]	[illegible]
85	22	—	—	1½	[illegible]	[illegible]
90	—	23	26	—	[illegible]	[illegible]
95	13	—	—	3½	[illegible]	[illegible]
100	—	14	17	—	[illegible]	[illegible]
110	5	8	12	10	[illegible]	[illegible]
Commercial Union (*186)						
140	47	49	58	1	[illegible]	[illegible]
160	27	30	34	3	[illegible]	[illegible]
180	11	15	21	10	[illegible]	[illegible]
200	5	7	11	19	[illegible]	[illegible]
G.E.C. (*196)						
180	26	34	40	3	[illegible]	[illegible]
200	14	20	26	18	[illegible]	[illegible]
220	5	12	15	25	[illegible]	[illegible]
240	1	5	—	46	[illegible]	[illegible]
Grand Met. (*335)						
300	42	53	60	5	[illegible]	[illegible]
330	22	30	40	15	[illegible]	[illegible]
360	5	13	16	33	[illegible]	[illegible]
390	2	4	—	60	[illegible]	[illegible]
I.C.I. (*600)						
460	186	—	—	1½	[illegible]	[illegible]
460	146	—	—	2	[illegible]	[illegible]
500	106	110	—	2	[illegible]	[illegible]
550	62	70	80	7	[illegible]	[illegible]
600	24	36	46	20	[illegible]	[illegible]
Land Securities (*348)						
280	63	67	—	0	[illegible]	[illegible]
300	43	46	54	4	[illegible]	[illegible]
330	18	26	32	9	[illegible]	[illegible]
360	5	11	17	28	[illegible]	[illegible]
Marks & Spencer (*215)						
180	39	45	—	3	[illegible]	[illegible]
200	20	26	30	4	[illegible]	[illegible]
220	5	12	16	10	[illegible]	[illegible]
Shell Transport (*548)						
460	100	—	—	1	[illegible]	[illegible]
500	58	72	82	6	10	16
550	28	40	50	22	30	36
600	6	20	28	55	52	66
650	2	5	—	102	104	—

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*484)						
420	64	73	82	1	7	11
460	24	48	65	3	17	28
500	3	25	34	22	36	47
550	1	7	15	—	—	72
Imperial Group (*132)						
110	24	26	27	0½	1½	2
120	14	17	19	0½	5	4
LASMO (*353)	[illegible]					
Lonrho (*95)	[illegible]					
P. & O. (*257)	[illegible]					
Racal (*199)	[illegible]					
R.T.Z. (*563)	[illegible]					
Vaal Reefs (*$85)	[illegible]					

Option	Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
Beecham (*325)	[illegible]					
Boots (*210)	[illegible]					
De Beers (*$753)	[illegible]					
800	[illegible]					
850	8	23	—	110	113	126
Guest Keen (*166)						
180	—	10	14	—	18	21
200	1	4	—	36	36	—
Hanson (*235)						
200	36	41	47	2	4	6
220	19	25	52	6	10	13
240	8	14	20	16	20	23
Tesco (*156)						
150	16	22	28	4	8	10
160	4	8	15	18	21	23

Nov. 18. Total Contracts 1,681. Calls 1,185. Puts 496
* Underlying security price.

U.K. CONVERTIBLE STOCK 19/11/83

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates⇔	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div◊	Cheap (+) Dear (−)◊ Current
British Land 12pc Cv 2002	9.60	309.00	333.3	80-91	3.9	0.5	−1.4	− 2 to 8	44.6	59.3	4.7	+ 6.1
Hanson Trust 9½pc Cv 01-06	81.54	235.50	107.1	85-01	4.2	1.3	−6.5	−12 to −3	149.1	72.7	−30.4	−23.9
Slough Estates 10pc Cv 87-90	5.03	243.50	234.4	78-84	4.1		−4.7	−12 to −3	6.6	0.0	− 2.6	+ 2.1
Slough Estates 8pc Cv 91-94	24.72	108.00	97.5	80-88	7.3	6.5	1.6	−38 to 9	21.5	24.7	3.0	+ 1.4

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◊ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ⇔ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Early 7.52 loss on Wall St

SLIGHTLY LOWER levels developed on Wall Street yesterday, when investors were inclined to take profits following Thursday's slight upward movement.

By 1 pm the Dow Jones Industrial Average was off 7.52 at 1,247.15, for a net loss of 3.05 on the week, while the NYSE All Common Index, at $95.17, shed 76 cents on the day and a net 65 cents on the week. Overall, losing issues led gainers by about a four-to-three majority. Volume rose 9.58m shares to 65.5m, compared with 1 pm Thursday.

Analysts said investors were cautious because of expectations that a large increase in the U.S. Money Supply will be announced after the market's close.

They said many investors may have decided to forgo any further stock purchase.

Trane rose $2¼ to $46¾—it opposes additional purchases of its stock by IC Industries. McDonnell Douglas, rumoured to be interested in acquiring Tymshare, fell $2¼ to $56¾ ex-dividend. Tymshare stock had not traded.

IBM shed $1⅝ to $122 and USAIR Group fell $1⅜ to $31¼, both in active trading.

ATT continued to be the most heavily traded stock, losing $¼ to $62¾. Earlier this week the company outlined its divestiture plan, and Monday the shares of the spun off companies begin trading on a "when issued" basis.

Dresser Industries eased $¼ to $18⅝ on consolidated volume of over one million shares. A block of 921,300 shares traded at $19.

Dr Pepper, which received a leveraged buyout proposal worth $22 a share, moved up $2¼ to $19⅞. Coleco, which fell sharply Thursday as investors worried about its debt, regained $⅜ to $17⅞.

General Bancshares came back $3 to 34—it said it was not negotiating a business combination.

THE AMERICAN SE Market Value Index shed 0.51 to 219.43, reducing its rise on the week to 0.64. Trading volume increased 320,000 shares to 4.52m, compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

Canada

Lower at mid-session after weakness in the Resources sector eroded an early morning gain.

The Toronto Composite Index was off 4.3 at 2,458.8, Metals and Minerals 9.4 at 2,309.7, Golds 20.3 at 3,594.3, and Oil and Gas 17.3 at 2,406.

Spar Aerospace, off $½ at $23, said it sees a return to a higher operating margin in 1984. It also declared a special dividend of 2.5 cents in addition to the regular 7.5 cents dividend.

Tokyo

Lower after late profit-taking and liquidation more than offset initial gains.

The Market Average lost 30.27 at 9,386.69. Volume 300m (280m) shares.

Video Tape Recorder Makers were sold after news that Japan and the European Community agreed to limit 1984 exports of finished Japanese VTRs to the community to 3.95m, unchanged from 1983.

Among VTR makers Victor lost Y40 to 2,840 and Mitsubishi Electric Y7 to 420.

Minolta Camera fell Y22 to 608 and Nagase Sangyo Y14 to 502 after Minolta said it was halving disc camera output because of sluggish sales.

Non Ferrous Metals fell heavily on technical selling. Sumitomo Metal Mining shed Y40 to 1,090 and Mitsui Mining and Smelting Y13 to 477.

Steels were lower, despite a statement by the head of the Iron and Steel Federation that the Japanese Steel Industry is recovering.

Kyocera rose Y230 to 7,850, after reporting good six-month results.

Yamaura Glass put on Y9 to 530—it plans a 10 per cent gratis issue for shares held at the end of trading December 31.

Australia

Industrials continued to rise, fuelled by a stronger Banking sector.

Better Overseas factors and lower Domestic interest rates continued to be the forces behind improved markets.

The All Ordinaries Index was up 4.7 at 714.9, aided by a 7.8 rise in the All Industrials Index to 927.2 and a 2.3 rise in the All Resources Index to 546.0.

Good buying in Australia's biggest public company, Broken Hill Proprietary, saw its shares pushed up 15 cents to their highest level this year at A$13.05.

Westpac's, up 8 cents at A$3.57, higher dividend on its 3.1 per cent increase in annual profit helped all three private banks to new highs for the year. National added 7 cents at A$3.68 and the ANZ 24 cents at A$6.04.

Leading the advance among Industrials, Lend Lease climbed 16 cents to its year-high of A$5.06xc. Elders 20 cents at A$4.30 and News Corporation 20 cents at A$9.00.

Amsterdam

Dutch stocks narrowly up in reasonable turnover. The market was not bearish but lacked direction with investors adopting a wait-and-see attitude ahead of the weekend and with some interest in the latest U.S. M1 Money Supply figures.

Philips wavered on continued dissatisfaction with third quarter results. Unilever at Fls 837 ex-dividend, made up most of its Fls 4.44 dividend.

In the Insurance sector, trading in Amfas was suspended pending an announcement on Monday. Nationale-Nederlanden eased slightly amid persistent rumours that it may be about to make an offer for Amfas Group, possibly in conjunction with Department Store Group Vroom Dreesman.

Paris

Prices tended higher in active trading, although the ¼ point rise in Call Money to 12⅛ per cent had little impact on sentiment.

News of a 1.5 per cent fall in French Industrial Production in September came too late to affect the market.

In mostly higher Electricals, Cit-Alcatel eased FFr 5 to FFr 1,485 although saying it won telephone contracts from India worth FFr 245m.

Thomson CSF moved up FFr 4.5 to FFr 184.5—it launched a new digital disc recorder.

In mostly higher Foods, Lesieur eased FFr 2 to FFr 1,273 despite saying it expects 1983 consolidated net profit to rise over 20 per cent.

Elsewhere, Banks, Cars and Hotels rose, Financials, Constructions, Engineerings and Chemicals were mixed, while Metals, Mines and Oils eased.

In the Foreign sector, Americans were firm, Dutch were mixed, while Germans, Oils, Gold Mines and Coppers were lower.

Germany

Above the worst after recovering slightly from a miserable opening.

Markets were unsettled by Thursday's sudden heavy selling of Siemens when it briefly touched DM 394 ahead of its results and dividend. The selling continued in early trading yesterday. After a low of DM 378.50, it recovered to close DM 5 off at 381.5 just before announcing it would recommend an unchanged DM 8 dividend for the fiscal year ended September 30.

Banks ended little changed, while Motors and Steels generally gave up a mark or two.

The Commerzbank Index stood at 1,009.3, down 12.6. Markets seemed to show the effects of lower Bond prices and the higher dollar.

Karstadt declined DM 6.2 to 285.5 in stores.

In Machinery, GHH were down DM 6 to 130.5.

Chemicals recovered on further evaluation of Thursday's nine-month figures from Hoechst up DM 0.60 at 181.80 after 178.50.

In Metals Preussag shed another DM 1.80 to 258.70 on news of a Rights issue.

CANADA

Stock	Nov. 17	Nov. 12
AMCA Intl	24	24⅜
Abitibi	21½	22
Agnico Eagle	15⅜	16⅝
Alberta Energy	18¼	19⅝
Alcan Aluminium	46	45¾
Algoma Steel	36	35⅝
Asbestos	11¾	11¾
Bk. Montreal	28¼	28¼
Bk. Nova Scotia	46⅝	46⅞
Bell Canada	31⅜	31⅜
Bombardier	17	17
Bow Valley	25⅝	25¾
BP Canada Res.	22⅜	22¼
Brascan A	38⅜	38¼
Brinco	3.10	3.00
B.C. Forest	12¼	13¼
CIL Inc	26½	28½
CadillacFairview	8⅞	9
Campbell RedLk	27⅞	27⅝
Can Ciment Pf	12½	12½
Can NW Energy	28¾	28
Can Packers	25⅝	25⅞
Can Trustco	48	47½
Can Imp Bank	31⅞	32⅛
Can Pacific	49¼	49
Can. Pac. Ents	20⅞	21⅞
Can Tire A	52¼	58¼
Carling O'Kfe	22⅝	22⅝
Chieftain	17	17¼
Cominco	58½	58
Cons Bathst A	23⅜	23¼
Copper Lake	2.45	2.60
Coseka Res	5.55	6.66
Costain	9⅞	2⅞
Denison Mines	46	46
Dofasco	58¾	58¾
Dome Mines	14⅝	14½
Dome Petroleum	4.70	4.25
Dominion Strs	18½	18¼
Domtar	28½	28
Falconbridge	70¼	70
Genstar	28	28¼
Giant Y'knife	21	21
Gt West Life	2.75	9.75
Gulf Canada	17¼	17½
Hawk Sid. Can	17	16⅞
Hudson's Bay	24⅝	24½
Husky Oil	10¾	10½
Imasco	34⅞	34⅛
Imp Oil A	38⅝	36½
Inco	16⅜	16½
Indal	11½	11½
Inter Pipe	39⅝	39½
LAC Minerals	27⅞	27⅛
Macmil. Bloedel	28	28
Marks & Spencer	14	14
Massey Ferg	6¼	6¼
McIntyre Mines	36½	33½
Mitel Corp	16⅝	15
Molson A	21¾	20⅞
Moore Corp	64½	54½
Nat. Sea Prods A	7½	7½
Noranda Mines	24⅞	24⅝
Norcen Energy	17¾	18
Nthn. Telecom	52	51½
Nova Alberta	6½	6½
Numac Oil	27¼	27⅛
Oakwood Pet	2¾	10⅞
Pan Can. Pet	24	24¼
Patino	24	27½
Placer Dev	21¾	21⅞
Power Corp	17½	17½
QuebecSturgeon	6⅜	6¼
Ranger Oil	13	13
Reed Stenhs A	12⅝	12½
Rio Algom	16⅝	16¼
Royal Bank	34	33⅜
Royal Trusco A	27¼	27⅛
Sceptre Res.	6.13	5¼
Seagram	47⅞	47¼
Shell Can Oil	23	23⅛
Simpson Sears A	11½	11⅜
Stelco	26½	26⅜
Teck B	11⅛	11¼
Texaco Canada	38⅛	38½
Thomson News A	37¾	37¾
Toronto Dom Bk	17⅜	17¼
Transalta	21¼	21¼
Trans Can Pipe	28⅝	28⅝
Walker Hiram	22⅛	28½
Westcoast Tra	15	16
Weston (Geo)	60	60

AUSTRIA

Nov. 18	Price Sch%	+ or −
Creditanstalt	211	+1
Goesser	318	−1
Interunfall	410	....
Landerbank	211	....
Perlmooser	322	−3
Steyr Daimler	151	−1
Veitscher Mag.	301	−1

BELGIUM/LUXEMBOURG

Nov. 18	Price Frs.	+ or −
ARBED	1,204	+54
Banq Int A Lux.	4,675	....
Bekaert B	3,970	−30
Ciment BR	1,935	+35
Cockerill	166	−2
Delhaize	4,500	+50
EBES	2,390	−30
Electrobel	6,440	....
Fabrique Nat.	2,140	−10
GB Inno BM	6,080	....
GBL (Brux)	2,225	−45
Gevaert	2,600	−40
Hoboken	4,520	−50
Intercom	1,820	−30
Kredietbank	6,250	....
Pan Hldgs.	9,000	....
Petrofina	5,640	−40
Royale Belge	6,900	+50
Soc. Gen. Banq.	2,795	−70
Soc. Gen. Belge	1,560	+15
Sofina	4,305	−50
Solvay	6,340	+80
Tractional	3,098	−106
UCB	6,885	−105
Vieille Mont	5,330	−15

DENMARK

Nov. 18	Price Knr %	+ or −
Aarhus Olie	430	−5
Andelsbanken	377	....
Baltica Skand	502	....
CopHandelsbank	272	+1
D. Sukkerfab	560xr	....
Danske Bank	291	+8
East Asiatic	158	−10
Forende Brygg	1,995	−45
Forende Damp	188	....
GNT Hldg	530	....
I.S.S.B.	705	....
Jyske Bank	570	....
Novo Ind	5,190	....
Privatbanken	279	+2
Provinsbanken	297	−6
Smidth (F)	258	−4
Sophus Berend	945	+10
Superfos	506	−6

FRANCE

Nov. 18	Price Frs.	+ or −
Emprunt 4½% 1973	1,899	+82
Emprunt 7% 1973	2,605	+6
CNE 3%	3,090	+10
Air Liquide	495	+4.5
BIC	774	+39
Bouygues	715	+18
BSN Gervais	2,550	+60
CIT-Alcatel	1,485	−5
Carrefour	1,295	+7
Club Mediter'n	706	+1
CFAO	528	+1
Cie Bancaire	344	+9
Cofimeg	178	−0.5
Creusot Loire	46	−0.5
Darty	670	−6
Dumez	859	−1
Eaux (Cie Gen)	498.5	+6.5
Elf-Aquitaine	162	+0.8
Gen. Occidental	658	+1
Imetal	69.8	−3
Lafarge Coppee	261	−2
L'Oreal	2,129	+7.9
Legrand	1,938	+18
Maisons Phenix	331.6	+1.6
Matra	939	−10
Michelin B	816	+13
Midi (Cie)	1,165	−9
Moet-Hennessy	1,335	−1
Moulinex	100	+1.6
Nord Est	46.6	....
Pernod Ricard	786xr	+28
Perrier	408	....
Petroles Fr.	154	−0.1
Peugeot-SA	194.5	+1.5
Poclain	65	−1
Printemps Au	129.5	....
Radiotech	412	+14
Redoute	1,067	+14
Roussel-Uclaf	688	+2
Schneider	88.6	−1
Sefimeg	242	+3
Skis Rossignol	1,926	+5
Telemech Elect.	1,260	+30
Thomson (CSF)	184.5	+4.5
Valeo	229	−5

GERMANY

Nov. 18	Price Dm.	+ or −
AEG-Telef	73.8	+0.1
Allianz Vers.	810	−5
BASF	167.7	....
Bayer	167	−0.5
Bayer-Hypo	276	+9
Bayer-Verein	307	+1
BHF-Bank	278	−1
BMW	428	−8
Brown Boveri	217	+2
Commerzbank	164.4	−0.6
Conti Gummi	125.2	+1
Daimler-Benz	688	....
Degussa	350	+1.5
Demag	146	....
D'sche Babcock	175	−1
Deutsche Bank	310	+8.5
Dresdner Bank	186.7	+0.2
GHH	130.5	−6
Hochtief	496	....
Hoechst	181.8	+0.6
Hoesch Werke	92.2	+0.7
Holzmann (P)	412.5	−7.5
Horten	187.3	−0.2
Kali und Salz	126.5	−1.6
Karstadt	285.5	−6.2
Kaufhof	273.5	−2.6
KHD	227.5	−0.7
Kloeckner	38.8	+1.8
Krupp	55	−5.5
Linde	368	−6
Lufthansa	153.5	−0.5
MAN	132	....
Mannesmann	130	−1.5
Mercedes Hld	616	+1
Metallgesell	199	....
Muench Rueck	1195	+60
Preussag	258.7	−1.2
Rhein West Elect	170.2	−1.8
Rosenthal	285	−1
Schering	376	−2
Siemens	381.5	−5
Thyssen	75.5	+0.9
Varta	186.8	+2.3
Veba	162.2	−0.2
V.E.W.	120.3	+0.1
Verein-West	307	−8
Volkswagen	226.5	−1.7

ITALY

Nov. 18	Price Lira	+ or −
Banca Com'le	27,500	+200
Bastogi-IRBS	186.4	+10.4
Centrale	1,240	+20
Credito Varesino	3,905	+5
Fiat	6,090	+33
Finsider	44	+0.4
Generale (Assic)	134,300	+565
Invest	3,010	+20
Italcementi	45,000	+400
Montedison	211.5	+13.5
Olivetti	3,565	−10
Pirelli Co	2,675	+55
Pirelli Spa	1,451	+16
Snia BPD	1,254	+19
Toro Assic.	11,150	+90
do. Pref.	8,200	+40

NETHERLANDS

Nov. 18	Price Fls.	+ or −
ACF Holding	167	−0.5
Ahold	163	+0.5
AKZO	82.1	−0.1
ABN	346.5	+1.5
AMEV	134.2	+1.8
AMRO	58.8	+0.8
Bredero Cert	176	−1
Boskalis Westm	32	−0.5
Buhrmann-Tet	59	+0.5
Caland Hldgs	32.5	−0.2
Credit Lyon'is Bk	40	−0.1
Elsevier-NDU nv	440	−4
Ennia	171	+2
Gist-Brocades	161.5	+0.5
Heineken	123.8	+0.2
Hoogovens	35.4	....
Hunter Douglas	17.4	....
Int-Muller	98.5	−0.4
KLM	166.3	+1.3
Naarden Intl	37.5	+0.1
Nat Ned Cert	160	−0.2
Ned. Credit Bank	31.3	+0.5
Ned Mid Bank	138	....
Nedlloyd	92	+1
Oce Grinten	209	+9
Ommeren (Van)	32.4	−0.1
Pakhoed	53.1	−0.4
Philips	40.1	+0.1
Rijn-Schelde	6.7	−0.8
Robeco	322.1	−1.1
Rodamco	129	−0.1
Rolinco	310.2	+1
Rorento	196.8	−0.2
Royal Dutch	161.1	+0.6
Unilever	837	−0.5
VMF Stork	81	−1.5
VNU	111	+0.9
West Utr Bank	96.5	+0.8

NORWAY

Nov. 18	Price Kroner	+ or −
Bergens Bank	135	....
Borregaard	160	+16
Christiania Bk	137	....
Den Norske Credit	148	+3
Elkem	99	−0.5
Norsk Data	960	−8.5
Norsk Hydro	465	−8
Storebrand	163	....

SPAIN

Nov. 18	Price Pts%	+ or −
Bco Bilbao	260	....
Bco Central	264	....
Bco Exterior	217	....
Bco Hispano	314	....
Bco Santander	360	....
Bco Vizcaya	322	....
Dragados	131	−2.5
Hidrola	47.7	−0.6
Iberduero	41	−1
Petroleos	109.2	−2.8
Telefonica	88.0	....

SWEDEN

Nov. 18	Price Kronor	+ or −
AGA	347	+7
Alfa-Laval	392	−6
ASEA (Free)	380	+20
Astra (Free)	626	−15
Atlas Copco	111	+4
Boliden	382	−5
Cardo	350	....
Cellulosa (Free)	163xc	−1
Electrolux B	225	....
Ericsson	426	+10
Essalte (Free)	309	+4
Fagersta	400	....
Mo Och Domsjo	335	....
Pharmacia (Free)	351	+2
Saab-Scania	320	+2
Sandvik B (Free)	350	+10
Skandia	400	+18
Skan Enskilda	292	+1
SKF B	151	−1
St. Kopparberg	545	+2
Sven Handelsbn	182	....
Swedish Match	265	+2
Volvo B (Free)	418	....

SWITZERLAND

Nov. 18	Price Frs.	+ or −
Alusuisse	786	+6
Bank Leu	4,150	+25
Brown Boveri	1,200	+10
Ciba-Geigy	2,295	+10
do. (Part Certs)	1,805	−5
Credit Suisse	2,145	....
Elektrowatt	2,215	+5
Fischer (Geo.)	521	+4
Genevoise	6,550	....
Hoff-RochePtCts	88,625	+1,125
Hoff-Roche 1/10	88,75	+125
Jacobs Suchard	6,450	+25
Jelmoli	1,800	+10
Landis & Gyr	1,410	+20
Nestle	4,290	+50
Oer-Buehrle	1,255	−5
Pirelli	255	+1
Sandoz (Br)	7,100	+50
Sandoz (PtCts)	1,150	+10
Schindler (PtCts)	410	....
Swissair	912	+7
Swiss Bank	300	−2
Swiss Reinsce	7,490	+25
Swiss Volksbk	1,410	−5
Union Bank	3,290	+10
Winterthur	2,900	+10
Zurich Ins	17,450	....

AUSTRALIA

Nov. 18	Price Aust. $	+ or −
ANZ Group	6.04	+0.24
Acrow Aust	1.25	....
Alliance Oil D.	0.86	−0.01
Ampol Pet	1.85	....
Aust Cons Ind	1.83	+0.04
Aust. Guarant	2.8	+0.05
Aust. Nat. Inds.	2.5	....
Aust. Paper	2.32	−0.03
Bond Hldgs	1.22	−0.08
Boral	3.18	−0.05
B'ville Copper	2.4	....
Brambles Inds	3.08	−0.02
Bridge Oil	3.0	−0.1
BHP	13.6	+0.15
CRA	5.46	+0.02
CSR	3.64	+0.04
Carlton & Utd	3.08	+0.05
Castlemaine	4.4	+0.05
Coles (G.J.)	3.8	....
Comalco	2.96	+0.05
Consolidated Pet	0.87	−0.02
Costain	1.4	−0.05
Dunlop	1.44	....
E.Z. Ind	5.8	....
Elders IXL	4.3	+0.2
Energy Res	1.7	−0.02
Gen Prop Trust	1.96	+0.01
Hardie (J.)	6.56	....
Hartogen Energy	8.6	−0.05
Herald W'y Times	5.15	+0.05
ICI Aust	2.11	−0.01
Jimb'lana (50cFP)	0.2	....
Kia Ora Gold	0.18	−0.01
Lend Lease	5.06xc	+0.15
MIM	3.62	−0.08
Mayne Nickless	2.75	....
Meekatharra	1.25	−0.02
Myer Emp	1.9	+0.03
Nat.Com.Bk.	3.68	+0.07
News	9.0	+0.2
Nicholas Kiwi	6.09	+0.05
North Bkn Hill	5.26	+0.01
Oakbridge	1.1	+0.4
Otter Expl	0.6	....
Pancon	1.27	+0.02
Pioneer Conc	1.8	....
Reckitt & Coln	2.4	−0.05
Repco	1.28	−0.01
Santos	7.98	−0.08
Smith (H.)	3.45	+0.05
Southland Min'g	0.27	....
Spargos Expl	0.38	....
Thos. Natwide	1.96	....
Tooth	4.9	−0.1
UMAL Cons	3.35	+0.05
Vamgas	3.8	−0.1
Western Mining	3.78	....
Westpac	3.57	+0.08
Woodside Petrol	1.28	+0.01
Woolworths	2.6	+0.05
Wormald Intl	3.26	+0.05

HONG KONG

Nov. 18	Price H.K.$	+ or −
Bank East Asia	20.2	−0.1
Carrian Invest	0.87	....
Cheung Kong	7.15	−0.1
China Light	14.6	−0.2
Hang Lung Devel	1.49	....
Hang Seng Bank	37.25	−0.5
HK Electric	6.45	−0.15
HK Kowloon Wh	3.65	−0.12
HK Land	3.8	−0.1
HK Shanghai Bk	7.1	−0.1
HK Telephone	34.5	....
Hutchison Wpa	13.8	....
Jardine Math	11.3	−0.4
New World Dev	2.79	−0.03
Orient O'seas	2.7	....
O'seas Trust Bk	2.9	−0.07
SHK Props	4.67	−0.18
Swire Pac A	14.5	−0.3
Wheel'k Mard A	3.15	....
Wheel'k M'time	1.8	....
World Int. Hldgs	1.48	−0.04

JAPAN

Nov. 18	Price Yen	+ or −
Ajinomoto	995	−95
Alps Electric	2,360	−40
Amada	874	....
Asahi Chem	390	−10
Asahi Glass	674	+6
Bridgeston	580	−3
Canon	1,420	−10
Casio Comp	1,460	−10
Chugai Pharm	1,000	....
Citizen	625	+15
Daiei	641	−1
Dai Nippon Ptg	863	−7
Daiwa House	516	....
Ebara	355	+1
Eisai	1,330	−10
Fanuc	8,890	....
Fuji Bank	500	....
Fuji Film	2,010	−10
Fujisawa	906	−15
Fujitsu	1,320	+10
Green Cross	1,770	−20
Hasegawa	474	+13
Heiwa Real Est	624	+4
Hitachi	845	−5
Hitachi Credit	1,320	+10
Honda	1,030	−10
House Food	917	+1
Hoya	1,270	−10
Itoh (C)	283	−4
Ito-Yokado	1,640	+10
Iwatsu	1,760	+40
JACCS	340	+1
JAL	2,550	+70
Jusco	835	+9
Kajima	320	−6
Kao Soap	642	+6
Kashiyama	620	−1
Kirin	467	−1
Kokuyo	840	−6
Komatsu	485	−2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FOREIGN EXCHANGES

Dollar firmer

The dollar continued to improve in currency markets yesterday, touching record levels against the French and Belgian francs and the Italian lira. It also broke through the psychologically important DM 2.70 level against the D-mark to finish at a three-month high. Fears of higher U.S. interest rates and a sharp rise in U.S. M1 money supply this week were the principal factors behind the dollar's rise. Underlying support was provided by continued Middle East tension.

The dollar closed at DM 2.7060 against the D-mark up from DM 2.6970 and SwFr 2.1875 from SwFr 2.1825. Against the French franc it rose to a record FFr 8.2275 from FFr 8.1975 and L1,635 compared with L1,633½. The Japanese yen remained very firm, with the dollar slipping to Y236.10 from Y236.15. On Bank of England figures the dollar's trade weighted index rose from 128.4 to 128.7.

Sterling suffered in late trading after a firmer start. Its trade weighted index fell to 83.6 from 83.9, having stood at 84.0 at noon and in the morning.

It fell to its worst level since March against the dollar, closing at $1.4695-1.4705, a fall of 90 points from Thursday. Consequently it was a little easier against European currencies, slipping to DM 3.98 from DM 3.9850 and SwFr 3.2175 from SwFr 3.23. It was also lower against the French franc at 12.0925 from FFr 12.1150 and fell against the Japanese yen to Y347.25 from Y349.25.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0177	+2.49	+1.75	±1.5447
Danish Krone ..	8.14104	8.16147	+9.25	−9.49	±1.6425
German D-Mark	2.24184	2.26472	+1.02	+0.28	±1.0642
French Franc ...	6.87456	6.89906	+0.21	−0.53	±1.4052
Dutch Guilder ...	2.52595	2.53728	+0.45	−0.29	±1.4964
Irish Punt	0.72569	0.727478	+0.25	−0.49	±1.6899
Italian Lira	1403.49	1371.51	−2.28	−2.28	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Nov 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4685-1.4805	1.4695-1.4705	0.04-0.09c dis	−0.53	0.24-0.29dis	−0.72
Canada	1.8175-1.8325	1.8190-1.8200	par-0.10c dis	−0.33	0.08-0.18dis	−0.28
Nethlnd.	4.44½-4.47½	4.44½-4.45½	1½-1¼c pm	3.03	3½-3 pm	2.92
Belgium	80.60-81.15	80.70-80.80	6c pm-4 dis	0.15	2-12 dis	−0.35
Denmark	14.30½-14.37½	14.32-14.33	¾-1¼ore dis	−1.05	2.60-3.75dis	−0.89
Ireland	1.2750-1.2820	1.2760-1.2770	0.25-0.32p dis	−2.68	0.85-1.00dis	−2.90
W. Ger.	3.96¾-3.99¾	3.97½-3.98½	1½-¾pf pm	3.01	3¼-2¾ pm	3.01
Portugal	187.75-189.75	188.25-188.75	150-370c dis	−19.56	500-1060dis	−16.56
Spain	227.75-229.75	228.00-228.25	215-285c dis	−12.82	700-780dis	−12.97
Italy	2,401-2,419	2,402-2,404	12½-15½lire dis	−7.12	45-48 dis	−7.74
Norway	11.00-11.08	11.01-11.02	4.2-5.20ore dis	−4.25	12.25-11.00dis	−4.38
France	12.07½-12.13½	12.08½-12.09½	2¾-3¾c dis	−3.22	11-12½ dis	−3.89
Sweden	11.57-11.75	11.67½-11.68½	2.60-3.15ore dis	−2.95	7.00-7.60dis	−2.55
Japan	345¼-349½	346¼-347¼	0.99-0.79y pm	3.08	2¾-2¼ pm	2.86
Austria	27.80-28.12	27.97-28.02	8-6¾gro pm	3.08	21¼-18¾ pm	2.86
Switz.	3.20¼-3.23¼	3.21¼-3.22¼	1¾-1¼c pm	5.59	4¾-3¾ pm	4.57

Belgian rate is for convertible francs. Financial franc 81.15-81.25. Six-month forward dollar 0.55-0.60c dis, 12-month 1.10-1.20c dis.

THE DOLLAR SPOT AND FORWARD

Nov 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4685-1.4805	1.4695-1.4705	0.04-0.09c dis	−0.53	0.24-0.29dis	−0.72
Ireland†	1.1510-1.1570	1.1520-1.1530	0.24-0.21c pm	2.34	0.65-0.58 pm	2.15
Canada	1.2370-1.2382	1.2375-1.2380	0.04-0.02c pm	9.29	0.16-0.14 pm	9.48
Nethlnd.	3.0180-3.0290	3.0270-3.0290	0.92-0.82c pm	3.45	2.74-2.64 pm	3.55
Belgium	54.75-54.96	54.94-54.96	4-2½c pm	0.71	6½-4 pm	0.38
Denmark	9.7065-9.7600	9.7425-9.7475	½-¾ore dis	−0.62	¼-¾ dis	−0.20
W. Ger.	2.6910-2.7075	2.7055-2.7065	0.85-0.80pf pm	3.66	2.57-2.52 pm	3.77
Portugal	127.90-128.40	128.10-128.40	80-225c dis	−14.27	300-675dis	−16.21
Spain	154.85-155.30	155.20-155.30	120-145c dis	−10.25	410-460dis	−11.22
Italy	1,625½-1,637½	1,634-1,634½	6.50-7.00lire dis	−4.97	28-29½dis	−7.13
Norway	7.4750-7.4960	7.4910-7.4960	1.60-2.10ore dis	−2.77	5.80-6.10dis	−3.19
France	8.1975-8.2325	8.2250-8.2300	2.20-2.50c dis	−3.43	16.00-17.00dis	−8.12
Sweden	7.9330-7.9510	7.9450-7.9500	1.55-1.75ore dis	−2.49	3.50-3.70dis	−1.81
Japan	235.50-236.50	236.05-236.15	0.68-0.64y pm	3.35	2.05-2.00 pm	3.43
Austria	18.94-19.03	19.01-19.02	5.20-5.40gro pm	3.44	16¼-15¼ pm	3.74
Switz.	2.1700-2.1890	2.1870-2.1880	1.14-1.10c pm	6.14	3.14-3.19 pm	5.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.22-55.27.

EXCHANGE CROSS RATES

Nov. 19	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.470	3.980	347.3	12.095	3.218	4.455	2403.	1.820	80.75
U.S. Dollar	0.680	1.	2.707	236.2	8.228	2.189	3.030	1635.	1.238	54.93
Deutschemark	0.251	0.369	1.	87.20	3.038	0.808	1.119	603.8	0.457	20.29
Japanese Yen 1,000	2.880	4.233	11.46	1000.	34.82	9.266	12.82	6920.	5.240	232.5
French Franc 10	0.827	1.215	3.291	287.2	10.	2.661	3.683	1987.	1.505	66.78
Swiss Franc	0.311	0.457	1.237	107.9	3.758	1.	1.384	746.9	0.560	25.10
Dutch Guilder	0.225	0.330	0.894	77.98	2.716	0.723	1.	539.7	0.409	18.14
Italian Lira 1,000	0.416	0.612	1.656	144.5	5.033	1.339	1.853	1000.	0.757	33.60
Canadian Dollar	0.550	0.808	2.187	190.8	6.646	1.768	2.447	1321.	1.	44.39
Belgian Franc 100	1.238	1.820	4.929	430.0	14.96	3.985	5.514	2976.	2.255	100.

MONEY MARKETS

Revised shortage

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Day-to-day credit was in short supply in the London money market yesterday with the Bank of England forecasting a shortage of around £350m, later revised to £400m. Factors affecting the market included maturing assistance and a take up of Treasury bills together draining £197m and a rise in the note circulation of £230m. These were partly offset by Exchequer transactions adding £100m to the system.

The Bank gave assistance in the morning of £368m through purchases of £39m of eligible bank bills in band 2 (15-33 days) at 9 per cent and £24m of eligible bank bills in band 3 (34-63 days) at 8⅞ per cent. In band 4 (64-91 days) it bought £14m of £14m of Treasury bills, £5m of local authority bills and £286m of eligible bank bills all at 8⅞ per cent. In the afternoon it gave further help of £43m, buying elegible banks bills in band 4 at 8⅞ per cent.

Interest rates were mostly unchanged but showed a slightly firmer tendency in places. Three-month interbank money was unchanged at 9⅛ per cent as were three-month eligible bank bills, bid at 8⅞ per cent. One-month sterling CDs were a shade firmer at 9¼-9⅛ per cent from 9⅛-9 per cent. Weekend interbank money opened at 9¼-9½ per cent and eased to 9-9¼ per cent before slipping away during the afternoon to 5.

LONDON MONEY RATES

Nov. 19 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight......	—	8-9¼	9-9⅛	—	—	9⅛-9¼	7½-9⅛	—	—	—
2 days notice...	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or........	—	—	—	—	—	—	—	—	—	—
7 days notice...	—	9-9¼	9-9⅛	—	—	9⅜	8-9⅛	—	—	—
One month......	9¼-9⅛	9⅛-9⅛	9⅛	9⅝-9⅜	9¼	9½	9	9⅛	9⅛	9⅝
Two months....	9¼-9⅛	9⅛-9⅛	9¼	9⅝-9⅜	9¼	9⅝	8	8⅞-8⅞	8⅞	9⅝
Three months.	9¼-9⅛	9¼-9⅜	9¼	9⅝-8⅞	9⅜	9⅝	9	9⅛-8⅞	8⅞	9⅛
Six months......	9⅜-9¼	9⅜-9½	8⅝	9½-9⅝	9½	—	—	—	8⅞	9¼
Nine months....	9½-9½	9⅛-9⅛	9⅛	9½-9½	9⅝	—	—	—	—	—
One year........	9½-9⅜	9⅛-9⅛	9⅛	9¼-9½	9⅝	—	—	—	—	—
Two years......	—	—	10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 11 per cent; five years 11⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8[27]/[32] per cent; four months' trade bills 9[13]/[32] per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8[13]/[16] per cent and three months 8[23]/[32] per cent; one month bank bills 9 per cent; two months 8[15]/[16] per cent and three months 8[27]/[32] per cent; one month trade bills 9[13]/[32] per cent; two months 9[13]/[32] per cent and three months 9⅜ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5⅞ per cent.

Treasury Bills: Average tender rates of discount 9.6631 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 8½ per cent; one-three months 9¼ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 9 per cent.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 18	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling......	9-9⅛	9⅛-9¼	9⅛-9¼	9⅛-9⅜	9⅜-9½	9⅝-9¾
U.S. Dollar..	9½-9⅝	9⅝-9⅞	9⅞-9⅞	9⅞-10⅛	9⅞-10⅛	10⅛-10⅜
Can. Dollar..	8-8½	9-9½	9½-9⅝	9⅝-9⅞	9⅝-9⅞	9¾-10
D. Guilder....	5⅛-6	5⅞-6	5⅞-6	6⅛-6⅜	6¼-6⅜	6⅜-6⅝
S. Franc.......	⅞-1	1⅛-1¼	3⅞-3⅞	4⅛-4¼	4¼-4⅜	4⅜-4½
Deutschm'rk	6⅛-5⅝	5⅞-5⅞	5⅜-5⅞	6⅛-6¼	6⅛-6⅜	6⅜-6⅝
Fr'nch Franc	12-12½	12⅛-12⅝	12⅜-12⅝	13⅛-13⅛	13⅜-14⅛	14⅜-14⅝
Italian Lira...	16¼-17	16⅛-17⅛	16⅛-17	16⅞-17⅜	17¼-18¼	18⅜-19
Belg. Franc..						
Conv.......	9-9½	9½-9¼	8¾-9¼	9¼-9¾	9¾-10¼	10-10½
Fin...........	9-9½	9½-9¼	9⅛-9⅛	9½-9⅝	9½-10	10⅛-10⅜
Yen	6⅞-6	6-6⅛	6⅛-6¼	6⅜-6⅝	6⅜-6½	6½-6⅝
D. Krone.....	7-7½	9⅞-10⅛	10½-11	10⅞-11⅜	11⅛-11⅝	11⅛-11½
Asia $ (Sing.)	9⅞-9⅞	9½-9⅝	9½-9⅝	9⅞-10	10-10⅛	10⅛-10⅜

OTHER CURRENCIES

Nov. 18	£	$		£ Note Rates
Argentina Peso...	26.10-26.17	17.767-17.787	Austria............	27.90-28.20
Australia Dollar..	1.6005-1.6025	1.0895-1.0900	Belgium...........	81.06-81.95
Brazil Cruzeiro...	1,271.5-1,278.3	865-869	Denmark..........	14.30-14.44
Finland Markka...	8.4790-8.5055	5.7700-5.7750	France.............	12.08-12.20
Greek Drachma...	141.90-142.50	96.60-96.70	Germany..........	3.97-4.01
Hong Kong Dollar	11.48-11.49	7.8155-7.8175	Italy	2305-2425
Iran Rial..........	128.70*	87.40*	Japan..............	348-353
Kuwait Dinar (KD)	0.4292-0.4299	0.29215-0.29225	Netherlands......	4.44½-4.48½
Luxembourg Fr...	80.70-80.80	54.94-54.96	Norway............	11.03-11.12
Malaysia Dollar...	3.44-3.45	2.3400-2.3440	Portugal...........	191-201
New Zealand Dlr.	2.2312-2.2365	1.5185-1.5210	Spain...............	224-239
Saudi Arab. Riyal	5.1135-5.1190	3.4800-3.4805	Sweden............	11.59-11.78
Singapore Dollar	3.1375-3.1425	2.1315-2.1335	Switzerland.......	3.21¼-3.24¼
Sth. African Rand	1.7650-1.7665	1.1040-1.2010	United States....	1.46-1.48
U.A.E. Dirham...	5.3960-5.4015	3.6720-3.6730	Yugoslavia........	605-617

* Selling rates.

FT LONDON INTERBANK FIXING

11.00 a.m. NOVEMBER 18

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1983 High	1983 Low
METALS					
Aluminium	£1050		£810/815	£1050	£810/815
Free Market c.i.f.	$1490/1530	+10	$950/990	$1665/85	$995/102
Antimony					
Free Market 99.6%	$2000/2030	+25	$1960/2050	$2248/152	$1750/850
Copper Cash High Grade	£940.5	+26.5	£866.75	£1161.5	£907.75
3 months Do. Do.	£962.75	+25.5	£900.75	£1177.25	£931.25
Cash Cathode	£925.25	+27.25	£863.5	£1146	£893.5
3 months Do.	£947.5	+26.5	£870.25	£1145.5	£915.5
Gold per oz.	$376.125	−6.0	$418.5	$506.5	$374.870
Lead Cash	£272.5	+0.5	£278.25	£310	£257
3 months	£282.0	+0.5	£287.75	£322.125	£265.75
Nickel	£4040.34		£3125.5	£4683	£4094
Free Market c.i.f. lb	205/235c		185/185c	235/285c	162/192c
Palladium per oz.	$146.25	+0.75			
Platinum per oz.	$380.65	−0.50	$222.90	$518.95	$334.60
Quicksilver (76lbs)	$310/310	−5	$355/365	$340/355	$257/265
Silver per oz.	582.05p	−17.05	608.30p	948.85p	582.05p
3 months per oz.	594.70p	−17.16	619.00p	970.10p	572.65p
Tin cash	£8840	+30.0	£7,268.5	£9,290.5	£7592.5
3 months	£8772.5	+10.0	£7,877.0	£9,351	£7402.0
Tungsten	$81.74		$108.69	$81.74	$78.17
Wolfram (22.04 lb.)	$68/75		$86/90	$80/83	$69/73
Zinc cash	£595.5	+17.0	£437.5	£622.0	£441.25
3 months	£609.75	+18.0	£457.860	£609.75	£436.25
Producers	$950		$800/850	$950	$760
GRAINS					
Barley Futures	£116.90c	−1.15	£118.30	£121.90	£100.90
Maize French	£146.00			£151.00	£141.00
WHEAT Futures	£119.95c	−2.40	£117.10	£128.65	£110.10
Hard Winter Wheat					
SPICES					
Cloves	$5,200v		$6,100	$6,800	$5,000
Pepper, white	$3,200	+100	$1,800	$3,500	$1,700
black	$2,000v	+125	$1,300	$2,000	$1,200
OILS					
Coconut (Philippines)	$900w	−10	$415	$1,025	$430
Groundnut	$975w		$410	$1,000	$455
Linseed, Crude			£360	£558.30	£308
Palm Malayan	$665z	−5	$356	$680	$330
SEEDS					
Copra (Philippines)	$575v	−15	$280	$660	$335
Soyabeans (U.S.)	$316.0	−24.7	$246.5	$371.5	$233.5
OTHER COMMODITIES					
Cocoa Shipment§	£1,507	+13	£1,052	£1,784	£1,127
Cocoa Futures Mar.	£1,564	+5	£1,083.5	£1,733	£1,140.5
Coffee Futures Jan.	£1,903.0	+65.5	£1,657.5	£1,940.5	£1,548.5
Cotton Index	80.45c	+0.30	69.05c	92.60c	70.25c
Des. Coconut	$940		$400	$950	$530
Gas Oil Fut. Dec	$343.75	−10.0	$293.25	$377.5	$220
Jute LJA BWC grade	‡		£331	£340	£240
Rubber kilo	50.75p	+2	48.25p	62p	00p
Sago Pearl	£279w	—	£340	£277	£242
Sisal No. 3L	$560w	—	$630	$675	$620/630
Sugar (Raw)	£100 wz	−8	£103	£193.5	£95
Tapioca No. 1	£310 w	—	£200	£313	£210
Tea (quality) kilo	250p	+13	100p	260p	137p
(low med.) kilo	200p	+30	78p	203p	113p
Wooltops 64s Warp	401p kilo	−1	371p kilo	409p kilo	378p kilo

‡ Unquoted. (g) Madagascar. (z) Jan. (x) Dec. (v) Dec-Jan. (w) Nov-Dec. § Ghana cocoa.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.00-28.05	−0.08
Iranian Light	27.80-28.00	—
Arabian Heavy	26.05-26.20	−0.18
North Sea (Forties)	28.00-28.45	−0.25
North Sea (Brent)	28.50-28.90	−0.35
African (Bonny Li'ht)	29.00-29.50	−0.10
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	286-293	−3.0
Gas oil	244-258	−2.5
Heavy fuel oil	166-169	−1.0

GAS OIL FUTURES

Prices moved higher during the morning as the market reacted to the previous day's sharp falls. Renewed selling in New York pushed the market briefly to the lows in mid-afternoon. Towards the close, prices moved up again to end the day little changed, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov.	239.50	......	241.50-48.00
Dec.	243.75	......	246.25-42.75
Jan	244.00	+0.25	246.50-42.75
Feb.	242.00	−0.50	244.75-41.00
Mar.	235.75	−0.50	238.75-37.25
April	233.25	−1.25	235.00-34.00
May	233.00	−0.50	234.50-33.00
June	231.70	−0.75	—
July	234.00	+2.50	234.00

Turnover: 3,556 (5,973) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $375¾-376¼. The metal opened at $376¾-377½ and traded between a high of $377-377½ and a low of $375-375½. There was some shortcovering which pushed values firmer from the opening but renewed concern over U.S. interest rates saw the metal close towards the day's lows.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Nov.	374.10-77.00	−0.85	—
Dec.	376.60-76.70	−1.05	378.20-76.00
Feb.	382.00-82.80	−1.55	383.60-83.40
April	388.20-89.00	−1.50	389.40-88.40
June	394.50-95.50	−1.50	—
Aug	400.80-02.00	−2.00	—

Turnover: 519 (985) lots of 100 troy ounces.

	Nov. 18		Nov. 17	
Gold Bullion (fine ounce)				
Close	$375¾-376¼	(£255½-256)	$374½-375¼	(£253¼-253¾)
Opening	$376¾-377½	(£254¾-255¼)	$370¼-377½	(£254¾-255¼)
Morning fixing	$376.35	(£254.360)	$376.50	(£254.529)
After noon fixing	$375.25	(£255.099)	$375.75	(£253.937)

Gold and Platinum Coins Nov. 18

Krugrnd	$387¼-388	(£263¼-263¾)	King Sov	$98½-94	(£63-64)
½ Krg	$199¾-200¼	(£135¾-136¼)	Victoria Sov	$92½-94	(£63-64)
¼ Krg	$101¾-102¼	(£69¼-69¾)	French 20s	$75¼-75	(£49¾-51)
1/10 Krug	$41½-49¼	(£28¼-28¾)	50 pesos Mex.	$457-459	(£310¼-318¼)
Mapleleaf	$387-397¼	(£263¼-263¾)	100 Cor. Aust.	$368-370	(£250¼-253)
New Sov	$88½-89¼	(£60¼-60¾)	$20 Eagles	$530-540	(£360½-397¼)
½ New Sov	$53-53¼	(£36-36½)	Noble (Plat)	$394-398¼	(£268-271)

REVIEW OF THE WEEK

Interest rate fears unsettle metals

BY OUR COMMODITIES STAFF

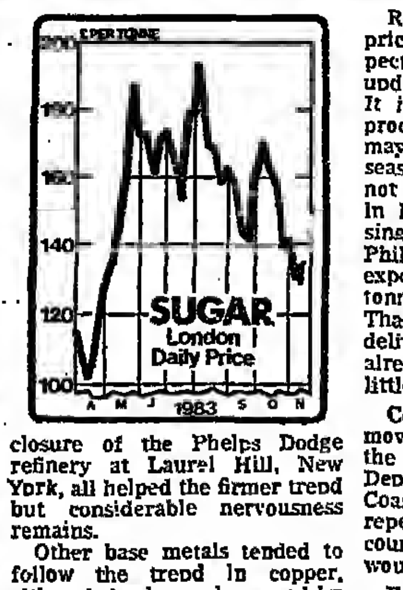
FEARS OF a rise in U.S. interest rates unsettled the metal markets this week, especially gold and silver. Gold touched a low for the year on Thursday dipping below $375 before rallying yesterday to $376.125 an ounce, $6 down on the week. Silver prices fell to the lowest levels for 12 months in New York, but the sterling quotations were held up by the weakness of the pound against the dollar. Nevertheless the London bullion spot price for silver ended the week over 17p lower at 582.85p an ounce.

The nervousness in precious metals spread to base metal markets too bringing a sharp setback in values on Thursday, but London Metal Exchange sterling quotations were boosted by the weakness of the pound.

In fact zinc values on the Metal Exchange reached the highest level for nine years at one stage following the decision by producers to raise their official European producer quotation by $25 to $950 a tonne—the sixth increase in this price since May. Cash zinc closed the week £17 higher at £595.5 a tonne.

Copper started the week on a firm note moving up steadily for three days until suffering a sharp setback on Thursday. However, it recovered strongly again yesterday and high grade cash copper ended the week £26.5 higher at £940.5 a tonne.

The firmer tone in the market reflected the belief that prices cannot go on falling for ever and that a technical rally was long overdue. Reports of a shortage of scrap supplies, a continued strike in Peru and the closure of the Phelps Dodge refinery at Laurel Hill, New York, all helped the firmer trend but considerable nervousness remains.



Other base metals tended to follow the trend in copper, although lead was depressed by a rise in LME warehouse stocks ending a series of declines.

The London daily price for raw sugar droped to £129, the lowest level for six months on Thursday, before recovering yesterday to £135 a tonne, still £8 down on a week ago.

Reports of purchases at cheap prices and improved crop prospects, especially in Europe, undermined market sentiment. It is now estimated that new production and consumption may be roughly in balance this season, meaning that there will not be the expected reduction in huge surplus stocks depressing prices. News that the Philippines, normally a major exporter, had bought 400,000 tonnes of sugar, mainly from Thailand, in order to fulfill its delivery commitments was already discounted and had little impact on prices.

Cocoa prices continued to move erratically before ending the week only slightly higher. Denis Bra Kanon, the Ivory Coast Minister of Agriculture, repeated his forecast that the country's cocoa crop this season would be "poor."

Earlier this year he predicted the crop would reach only 350,000 tonnes but trade estimates now vary right up to 450,000 tonnes. This week reports of drought hitting the Nigerian crop added to the general uncertainty about West African cocoa production.

BASE METALS

COPPER

Amalgamated Metal Trading reported that in the morning cash High Grade traded at £934, three months £955.50, 56, 58.5, 56. Cathodes: Three months £941. Kerb—Higher Grade: Three months £957, 57.5. Afternoon—Higher Grade: Three months £964.5, 65, 63, 63.5, 63, 62.5, 63. Cathodes: Three months £947. Kerb—Higher Grade: Three months £962, 63, 63.5, 64, 64.5, 65. Turnover: 20,050 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	934-.5	+6	940-1	+17.5
3 months	955-.5	+5	962.5-3	+17.5
Settlem't	934.5	+6	—	—
Cathodes				
Cash	917-8	+5	924.5-5	+18.2
3 months	941-2	+4.5	947-8	+17.5
Settlem't	918	+5	—	
U.S. pro'd	—	—	*65-9	......

TIN

Tin—Morning—Standard: Cash £8,635, three months £8,758, 57, 55. High Grade: Cash £8,745, three months £8,780. Kerb—Standard: Three months £8,755. Afternoon—Standard: Three months £8,755, 60, 65, 70. High Grade: Cash £8,755, three months £8,790, 95. Kerb—Standard: Three months £8,770, 65, 60, 55, 50, 55. High Grade: Three months £8,785. Turnover: 1,195 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	8745-6	+35.5	8755-6	+24.5
3 months	8785-90	+12.5	8795-800	+24.5
Settlem't	8746	+28	—	......
Standard				
Cash	8650-1	+.5	8640-50	+16
3 months	8755-6	+5	8770-5	+22
Settlem't	8651	−4	—	......
Straits E.	‡$30.31	+0.07	—	......
New York				

LEAD

Lead—Morning: Three months £284, 83, 83.5, 83. Kerb: Three months £283. Afternoon: Three months £285, 84.5, 84.75, 84, 83.0, 83, 82. Kerb: Three months £282, 83, 82.5, 82. Turnover: 9,400 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	272.5-.5	−5.5	272-3	−1.5
3 months	283-.25	−3.12	—	
Settlem't	273	−5.5	281.5-2.5	−2.25
U.S. Spot	—	......	*25-9	......

ZINC

Zinc—Morning: Three months £609, 09.5, 08, 08.5, 09. Kerb: Three months £608.5, 08. Afternoon: Three months £610, 11, 12, 11.5, 11, 10.5, 11, 10. Kerb: Three months £609, 09.5, 09, 08.5. Turnover: 14,600 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	595-.5	+.125	595-6	+4
3 months	608.75-9	+.625	609.5-10	+4.5
Settlem't	595.5	+.5	—	......
Prim w'ts	—	......	*46-.75	......

ALUMINIUM

Aluminium—Morning: Three months £1,045, 44.5, 44, 43, 42, 41. Kerb: Three months £1,041, 40.5, 41, 41.5. Afternoon: Three months £1,054, 45.5, 45, 44.5, 45. Kerb: Three months £1,045. Turnover, 25,700 tonnes.

Aluminim	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	1015-.5	+5.25	1018-20	+9.5
3 months	1041-.0	......	1046-.0	+8.75

NICKEL

Nickel—Morning: Three months £3,145, 40, 35, 30. Kerb: Three months £3,130. Afternoon: Three months £3,146, 45, 41, 40, 41, 48, 45, 40. Kerb: Three months £3,140, 35, 38, 35. Turnover: 1,122 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	3081-8	+26	3055-70	−5
3 months	3125-30	+42	3140-1	−8.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 2.55p an ounce higher for spot delivery in the London bullion market yesterday at 582.05p. U.S. cent equivalents of the fixing levels were: spot 861.0c, up 2.5c; three-month 881.2c, up 2.1c; six-month 903.2c, up 2.5c; and 12-month 949.3c, up 3.0c. The metal opened at 581-587p (860-864c) and closed at 580-582p (853-857c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	589.05p	+2.55	578.60p	+11.2
3 months	594.70p	+2.50	591.75p	+11.5
6 months	608.30p	+2.75	—	......
12months	630.80p	+5.20	—	......

LME—Silver (2,000 oz contract) — Three months: 591.5p (576.5p). Turnover 3 (8).

Turnover: 126 (224) lots of 10,000 oz. Morning: Large contract three months 594.5, 96, 95.3, 95.5, 96.0, 95.5: small three months 597, 98. Kerb: Large and small untraded. Afternoon: Three months 590.5, 92.5: small three months 591, 91.5. Kerb: Large three months 593, 94: small untraded.

COCOA

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 19: 100.83 (100.27); five-day average for Nov 21: 101.25 (101.38).

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec.	1550-52	+17.00	1555-43
March	1563-65	+18.50	1565-50
May	1553-54	+12.00	1568-53
July	1568-58	+18.50	1575-62
Sept	1563-65	+7.50	1575-63
Dec.	1574-75	+8.00	1581-71
March	1583-86	+7.00	1590

Sales: 2,826 (4,788) lots of 10 tonnes.

COFFEE

COFFEE	Yest'doy's Close	+ or −	Business Done
Nov.	1892-95	−4.0	1900-85
January	1903-04	−7.5	1908-95
March	1802-63	+1.0	1865-53
May	1797-89	−1.5	1800-85
July	1753-55	+4.0	1760-48
Sept	1780-26	+11.0	1725-10
Nov.	1699-03	+8.5	1704-91

Sales: 2,423 (3,518) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Nov 17: Comp daily 1979 137.03 (137.00): 15-day average 135.99 (135.83).

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Dec 137.50, Jan-March 140.50 transhipment East Coast seller. English feed fob Jan-March 126 East Coast seller. Maize: French Nov 146, Dec 147 East Coast seller. Barley: English feed fob Jan-March 124.75, Feb-April 128.50 East Coast sellers. Rest unquoted.

	WHEAT		BARLEY	
Mnth.	Yesterdy's close	+ or −	Yestday's close	+ or −
Nov.	117.70	—	110.90	+0.16
Jan	119.95	−0.25	118.90	−0.45
Mar.	120.00	−0.30	121.20	−0.50
May	126.05	−0.25	125.90	−0.55
July	128.80	−0.20	—	
Sept.	114.65	—	118.50	+0.25

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 115.80, E. Midlands 115.00, N. East 118.30, Scotland 115.50. The UK monetary coefficient for the week beginning Monday November 28 (based on HGCA calculations using three days exchange rates) is expected to change to 0.923.

Business done—Wheat: Nov 118.00-17.70, Jan 120.50-19.95, March 123.60-22.95, May 128.60-25.05, July 129.30-28.75, Sept 114.50. Sales: 232 lots of 100 tonnes. Barley: Nov 116.90-16.60, Jan 119.20-19.90, March 122.30-21.90, May 124.45-23.90, Sept untraded. Sales:

POTATOES

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	185.50	182.00	181.00
April	216.10	215.00	217.30-214.0
May	222.20	220.50	222.50-221.5
Nov.	76.80	76.50	—
Feb.	97.00	97.50	—

Sales: 240 (623) lots of 40 tonnes.

WOOL FUTURES

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. Dec 411, 412, 412-411; Jan 408, 412, untraded; March 412, 415, 413; May 419, 421, 418; Aug 435, 437, untraded; Oct 435, 438, 438; Dec 440, 442, 441; Jan 442, 444, 443; March 48, 53, untraded; May 52, 458, untraded. Sales: 38.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 545.7, 546.0, 545.5-545.0; March 564.0, 566.0, 566.0-565.0; May 582.8, 583.5, 583.5-583.0; July 593.0, 595.0, 593.0; Oct 587.5, 588.0, untraded; Dec 594.5, 595.0, 597.5-595.0; March 605.0, 614.0, untraded; May 619.0, 625.0, untraded. Sales: 75.

INDICES

FINANCIAL TIMES

Nov. 17	Nov. 10	M'th ago	Y'ar ago
884.51	284.88	286.48	231.48

(Base: July 1 1952=100)

REUTERS

Nov. 18	Nov. 17	M'th ago	Y'ar ago
1898.8	1880.9	1912.2	1533.2

(Base: September 18 1931=100)

MOODY'S

Nov. 17	Nov. 16	M'th ago	Year ago
1003.0	1012.8	1053.5	975.0

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Nov. 17	Nov. 10	Month ago	Year ago
Spot	133.3	104.43	137.02	129.05
Fut's	141.49	140.79	144.4	135.27

(December 31 1931=100)

RUBBER

The London physical market opened slightly steadier, attracted some covering interest throughout the day and closed uncertain after steady, reported Lewis and Peat. The Kuala Lumpur November fob price for RSS No 1 was 261.25 (261.00) cents a kg and SMR20 217.5 (217.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
Dec	814-910	805-810	810
Jan.	816-818	805-810	818
Jan Mch	815-915	806-809	997-810
Apl-Jne.	832-833	996-897	840-829
Jly-Sept	847-848	841-849	954-848
Oct-Dec	861-864	855-857	971-863
Jan Mch	874-876	870-873	876-873
Apl-Jne.	888-891	880-888	—
Jly-Sept	903-905	906-906	900

Sales: 196 (139) lots of 15 tonnes, 2 (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 80.75p (80.00p); Dec 81.25p (91.00p); Jan 81.75p (81.25p).

SOYABEAN MEAL

The market opened 60p up with some follow-through commission house buying, reports T. G. Roddick. Prices stabilised at higher levels but eased off with trade selling at the close.

	Yestday's close	+ or −	Business Done
	£ per tonne		
Dec.	178.00-70.80	+0.10	179.70-77.50
Feb.	188.40-88.80	+0.45	189.10-88.50
April	188.80-89.00	+0.40	189.50-89.00
June	184.50-85.06	−0.40	185.50-85.20
August	184.90-85.00	−0.40	186.00-85.20
October	170.00-74.00	−0.45	—
Dec.	158.60-62.00	—	—

Sales: 223 (388) lots of 100 tonnes.

AMERICAN MARKETS

NEW YORK, November 18.

Heating oil firmed on reports of a further flare-up between Iran and Iraq signalling a potential escalation of the conflict. Copper prices performed well most of the day finally giving up almost all their gains on the close under pressure from heavy arbitrage selling. Sugar was steady with light commercial and local activity on both sides of the market; a late wave of arbitrage selling left the market virtually unchanged. Coffee prices again rose strongly in the nearby months as the roaders' strike created new concern about deliverable stocks in December. Cocoa was slightly lower on origin selling which ultimately led to commission house liquidation. Soyabeans and grains were sharply lower on steady local pressure culminating in heavy professional and technical selling on the close. Soyabeans made new lows on this move, while maize nearly did so. Wheat finished moderately lower. Precious metals were moderately lower on renewed light speculative selling; technical selling appeared late in the market as both gold and silver appeared to pursue their downside trends, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2221	2143	2115	2128
March	2133	2154	2130	2154
May	2148	2180	2147	2172
July	2163	2185	2170	2190
Sept	2185	—	—	2200
Dec	2198	2220	2209	2214
March	2213	—	—	2229

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	149.10	49.85	46.18	146.65
March	142.97	44.25	41.75	143.38
May	139.32	39.75	37.80	137.87
July	136.23	36.50	34.75	135.30
Sept	133.93	33.85	32.50	133.40
Dec	131.05	30.50	30.50	130.63
March	129.50	29.00	29.00	129.00

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	62.00	—	—	61.90
Dec	62.25	62.80	61.90	62.15
Jan	62.75	63.20	62.40	62.65
March	64.25	64.75	63.85	64.10
May	65.05	65.55	64.95	65.00
July	66.40	66.75	66.00	66.35
Sept	68.30	68.75	68.00	68.15
Dec	70.35	70.40	70.20	70.00
Jan	70.90	—	—	70.90
March	72.40	72.75	72.15	72.25

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	79.27	79.75	78.70	79.18
March	81.05	81.90	80.81	81.07
May	82.30	82.95	82.30	82.67
July	82.90	82.90	82.35	82.77
Oct	78.67	78.65	78.36	78.70
Dec	74.96	75.15	74.85	75.05
March	76.00	—	—	76.70
May	77.00	—	—	78.70

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	376.5	376.0	374.5	377.5
Feb	380.5	381.0	378.5	382.2
April	385.5	387.0	384.7	387.5
June	391.0	391.5	389.5	392.5
Aug	396.5	397.0	395.5	398.2
Oct	402.0	—	—	404.0
Dec	407.8	408.0	406.0	409.8
Feb	413.6	—	—	415.6
April	419.3	—	—	421.6
June	425.5	—	—	427.5
Aug	431.5	—	—	433.6
Jan	373.3	—	—	375.8

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	9.93	—	—	8.88
March	9.35	9.45	9.28	9.37
May	9.62	9.76	9.60	9.75
July	9.93	10.08	9.91	10.08
Sept	10.14	10.27	10.19	10.29
Oct	10.37	10.50	10.36	10.55
Jan	10.65	10.51	10.51	10.74
March	11.35	11.38	11.38	11.53

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	62.05	62.20	61.75	61.90
Feb	62.32	62.42	61.90	62.12
April	64.15	64.27	63.92	64.16
June	65.40	65.50	65.10	65.32
August	64.27	64.37	64.05	64.12
Oct	62.27	62.55	62.25	62.25

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	42.02	42.16	41.55	41.65
Feb	46.20	46.40	45.90	46.10
April	42.40	42.55	42.10	42.20
June	46.80	46.90	46.40	46.55
July	47.60	47.75	47.30	47.45
Aug	46.80	46.90	46.50	46.50
Oct	44.40	44.40	44.00	44.05
Dec	46.00	46.00	45.80	45.90
Feb	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	346.4	351.2	346.0	351.2
March	348.4	352.4	348.0	351.4
May	344.6	350.0	344.6	349.6
July	341.0	345.4	341.0	344.4
Sept	316.0	318.4	316.0	318.0
Dec	290.0	293.6	290.0	292.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	57.52	58.20	57.25	57.87
March	59.10	59.52	58.70	59.15
May	61.15	61.55	60.85	61.17
July	61.77	62.10	61.70	61.67
Aug	60.72	61.35	60.45	60.65

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Nov	780.0	787.0	780.0	790.0
Jan	791.0	797.6	791.0	801.2
March	808.0	817.4	807.0	817.4
May	818.2	828.0	816.6	828.0
July	810.0	818.0	810.0	820.0
Aug	783.0	785.0	780.0	788.0
Sept	728.0	732.0	727.0	730.0
Nov	670.0	678.0	670.0	680.0
Jan	684.0	686.0	686.0	687.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	226.5	230.5	226.0	231.0
Jan	228.0	232.0	228.0	233.0
March	231.0	235.0	231.0	236.0
May	226.5	230.0	226.5	231.0
July	225.0	228.5	225.0	228.5
Aug	220.0	223.5	220.0	224.0
Sept	210.0	213.5	210.0	214.0
Oct	198.0	200.0	198.0	200.5
Dec	191.0	192.0	191.0	192.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	25.90	26.30	25.90	26.25
Jan	26.10	26.60	26.10	26.40
March	26.65	27.20	26.65	26.95
May	27.10	27.65	27.10	27.50
July	27.10	27.65	27.10	27.50
Aug	26.75	27.15	26.75	27.00
Sept	25.80	26.00	25.80	26.00
Oct	24.60	25.15	24.60	25.10

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Dec	336.4	339.4	336.4	339.2
March	351.0	355.4	351.0	354.4
May	355.0	357.0	355.0	357.0
July	341.4	343.0	341.2	343.4
Sept	342.0	350.0	348.0	350.4
Dec	361.0	362.2	360.0	361.4

SPOT PRICES—Chicago loose lard 18.00 (19.50) cents per pound. New York tin $596.0-608.0 (601.0-608.0) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar £135.00 (£129.00) a tonne for Nov-Dec-Jan shipment. White sugar £152.00 (£150.00).

No. 4 Con-tract	Yestday's close	Previous close	Business done
	£ per tonne		
Dec	149.25-50.00	147.00-48.00	150.00-45.50
Mar	158.25-58.50	154.50-55.00	160.00-53.50
May	164.05-64.25	161.50-57.75	165.00-57.50

Sales: 1,215 (4,291) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £240.50 (£238.25) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed, Caribbean ports). Prices for Nov 17: Daily price 7.68 (9.04); 15-day average 7.73 (8.09).

LIVERPOOL—Spot and shipment sales amounted to 187 tonnes. Demand brought moderate purchases mainly in African and middle Eastern styles. Central and south American growths made some headway.

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable London)

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

Lees (John J.) (10p) 65½◆
Laigh Interests 10pcLn 1984-85 £91 (16/11)
Lewis (John) 5pc1stPf (£1) 44 (17/11)
Lewis (John) Partnership 5pcPf (£1) 47 (19/11). 7½pcPf (£1) 92 (15/11)

N—O—P

Q—R—S

T—U—V

Transcanada Pipelines 1½pc1st Pipe Line Bds 2007 £128¼ (15/11)
Transport Development Grp 4.2pcPf (£1) 49 (19/11). 8¼pcLn 1993-98 £74 (11/11). 8½pcLn 1993-98 £74 (11/11). 9½pcLn 1995-2009 £82½

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

Alliance Property Hldgs 9½pcDb 1992-97 £88½
Allied London 10pcPf (£1) 114 (15/11). 8½pcLn 1999 £138½ (18/11)
Allnatt London 8¼pc1stDb 1989-89 £85½

WATER WORKS

British Columbia Electric 4½pcBds (C$100) £38 (15/11)
Calcutta Elect Supply (Rs. 10) 57 (15/11). 7½pcPf (Rs 10) 23½
Electricite de France 12½pcLn 2008 (Regd) £196. Do (Br) £106⅝
Felixstowe Dock Rly 9.5pcPf 1984

UNLISTED SECURITIES MARKET

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

RULE 163 (1)

Applications granted for specific bargains in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intntl 108
AOG Minerals 14 (15/11)
Acme Hldgs 47 8
Acorn Secs 44 (16/11)
Agnico-Eagle Mines 840
Air Florida System 160◆ (15/11)
Air Liquide (L') £39¾◆
Algoma Central Railway £10½ (16/11)
Alliance Oil Dvlpmt 52 3
American Can £33¾
American Electric Power 615½
American Home Products £34½ 5⅛ (15/11)
Ampol Exploration 220 (18/11)
Ampol 118
Apex Oil (A$9.25) 19
Ashton Mining 85
Atlantic Oil and Minerals 4½◆ 5¼ (16/11)
Atlantic Richfield £29⅝ US$43 (14/11)

Pancontinental Petroleum Options 30/6/85 100 (16/11)
Parker Drilling 625 (15/11)
Pecos Resources 362◆ (11/11)
Penney (J. C.) £43⅛ (14/11)
Pepsico Inc £25⅛
Petro Energy 130 (14/11)
Petroleum Securities 107 (14/11)
Phelps Dodge U.S.$24⅜◆
Philip Morris N.S.$69⅝ (16/11)
Piezo Electric Prods 67 (11/11)
Pioneer Concrete Services 100 (16/11)
Poseidon 265
Power Corp of Canada 962½ (14/11)
Proctor and Gamble £58 59◆ (16/11)
Project Oil Exploration 32
Raytheon £29⅞◆ 30
Repco 73 (14/11)
Resource Service Group 160 (16/11)
Reynolds Metal £23½◆ (11/11)
Reynolds (R. J.) Inds £29.80◆ (16/11)
Royex Sturgex Mining 330
Sceptre Resources 230◆
Searle (G. D.) £34¼◆ (11/11)
Sedco Inc U.S.$33¼◆
Selangor Coconuts 109 (16/11)
Siemens A.G. £98¾◆ 9½ 100 (16/11)
Sleigh (H. C.) 84◆ (15/11)

Woolworths (A$0.50) 51 (14/11)
World International Hldgs 43¼
Wormald International 168◆ (11/11)
Zone Petroleum 145

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

Aeral Metal Corp 5.4pcPf (£1) 51 3
Baker Electronics (10p) 53 4 (14/11)
Biotechnology Inv US$0.02 817.68 75
Booth (Alfred) (£1) 800 (14/11)
Cannon St Invs (20p) 2 4¼ ¹³⁄₁₆ 5 (15/11)
Channel Hotels and Props (10p) 31 2
Checkpoint Europe 420 3 (15/11)
C.I.C. Inv (1p) 1 ¹⁄₁₆ ½
C.I.C. Inv (10p) ¾ 1 ¼ (16/11)
Conister Trust 85
Dawson (Wm.) (10p) 315 6¼ (16/11)
Dollar Land (£1) 50 3½ (16/11)
Douglas Gas Light (£1) 178½ 8 (16/11)
Grendon Tst 11pcLn 1976-83 617 ¼ ¼ (14/11)
Jarrold 4.7pcPf (£1) 36 (15/11)
Jenkin and Purser (3p) 2 ½ (15/11)
Jennings Bros 195 7 8 (15/11)
Jersey Canning 4pcPf (£1) 29 (15/11)
Jessel Tst (3p) 7 ½ (15/11)
LPA Inds (10p) 90 1
Liverpool FC (£5) £250 8 (11/11)
Memcom Intl (10p) 100
Oldham Ests (50p) 98 100 (14/11)
Park Lane Hotel 010 ½
Plantation and Gen Invs 100-1 71 2 (13/11)
Publishing Hldgs (9p) 25 (11/11)
Rangers FC (£1) £16
Telecomputing (10p) 153 (16/11)
Servis (1p) 35 ½
Shepherd Neame A (£1) 665 80 (14/11)
Shires Inv 5pcPf (£1) 42 6 (15/11)
Southern Newspapers (£1) 200 5 (14/11)
Star Offshore Services (50p) 45 ⅝ 7 ⅛ (11/11)
Do 10pcLn 1982-9 £100 ¾ (11/11)
Stead and Simpson 4½pcDb 1889 £35
Trident TV (10p) 120 1 (15/11)
Welsh Inds Inv Tst (5p) 10½ 1 (14/11)
Do Pfd 10½ 1 (14/11)
Wessex Water Auth 5¾pc 1982-87 £52 3 (14/11)
Wynstay Props 106 (15/11)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Bryson Oil and Gas (20p) 270
Caledonian Offshore 4pcLn 2000 (£75 paid) £90 (14/11)
Celtic Basin Oil Exp (£1) 40 2 (14/11)
Kenmare Oil Exp (Ir£0.25) 6 (16/11)
Voyager Petroleum (UK) (10p) 50 (14/11)

(By permission of the Stock Exchange Council)

Authorised Units—continued

Offshore and Overseas—continued

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda

Insurances—continued

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Esselte almost doubles

By David Brown in Stockholm

ESSELTE, THE Swedish office supply, graphics and packaging group, nearly doubled pre-tax earnings for the half-year ending September. Profits before exchange differences and extraordinary items rose from SKr 75m to SKr 141m (US$18m) on sales up 21 per cent at SKr 3.6bn.

The group forecasts profits for the nine months ending December—when it will shift to a calendar year—will grow from SKr 196m to SKr 270m on 16 per cent higher sales of SKr 5.8bn. For the 12 months starting January 1983 profits are forecast to climb from SKr 324m to SKr 450m and sales from SKr 6.6bn to SKr 7.8bn.

The latest improvement came mainly on foreign markets, where better demand permitted a reduction of unit costs. Particularly strong were the Dymo and Pendaflex divisions, with an exception being a UK subsidiary of the packaging division.

Alfa-Laval makes $9.7m U.S. purchase

By Kevin Done, Nordic Correspondent, in Stockholm

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, is to make its biggest U.S. acquisitions with the $9.7m purchase of the Florida Capital.

It has signed a letter of intent to purchase all Florida Capital's shares at $21 each. The shares have been trading recently at just under $13.

Florida Capital's main holding is Cashin Systems, a manufacturer of equipment for the meat processing industry.

For the first nine months this year Cashin Systems had a net income of $755,000 on sales of $5.8m.

Tokyo stock market boosts securities firms' profits

BY YOKO SHIBATA IN TOKYO

JAPAN'S BIGGEST four securities houses, Nomura, Nikko, Daiwa and Yamaichi, have reported combined record pre-tax profits of Y266.2bn ($1.13bn) for the financial year ended September 30, thanks largely to the long bull market in Japanese equities. The previous best combined performance of the four houses was a pre-tax profit of Y228bn achieved in the 1980-1981 financial year.

The favourable performance of the four houses reflected active stock trading, influenced notably by a sharp increase in foreigners' purchase of Japanese shares. The average volume of stock transactions in the Tokyo Stock Exchanges in the past year came to 371m shares, up by 39 per cent from the previous year. Trading centred most heavily on higher-priced issues, such as the internationally popular blue chips. Transactions bill rose to Y55,673.9bn, up by 68.2 per cent from the previous year and surpassing the previous peak of Y49,000bn registered in fiscal 1981.

The four houses' combined commission income from securities trading surged by 70 per cent to reach Y398bn, while their earnings from investment trusts based on medium-term government bonds and their fees derived from underwriting convertible debentures also surged. As a result, all four securities houses registered record commission income.

Gains on bond trading rose by 6 per cent to Y79.3bn, thanks to favourable trading in the first half year which offset slack conditions in the second half year caused by anxieties over rising U.S. interest rates.

Despite higher operating expenses, resulting mainly from heavy spending on computerisation, Nomura, Daiwa and Yamaichi reported record pre-tax profits.

JAPANESE SECURITIES HOUSES

	Year to September 30 Net profit Ybn	Change on year %	Commissions Ybn	Change on year %	Gains on bond dealings Ybn	Change on year %
Nomura	47.1	+47.3	224.6	+53.8	41.5	+27.9
Nikko	21.3	+44.6	136.2	+35.0	7.4	+34.1
Daiwa	21.1	+55.4	136.0	+42.1	18.7	+ 8.1
Yamaichi	17.2	+35.3	125.9	+28.6	11.6	+ 6.4

Ireland and Belgium tap floating rate note market

BY MARY ANN SIEGHART

TWO large floating rate notes for sovereign borrowers were issued in the Eurobond market yesterday. Ireland and Belgium are raising $300m each in deals which have been rumoured in the market for weeks.

Belgium's floater pays a spread of ⅛ point over the six-month London interbank offered rate (Libor) at par. Though it has a nominal 20-year life, the investor can redeem the bond at par after the tenth, 13th and 16th years.

Credit Suisse First Boston is leading the deal with Morgan Guaranty, Morgan Stanley, Banque Bruxelles Lambert, Paribas Belgique, Kredietbank and Société Générale de Banque.

The issue forms part of a $1bn funding package which Belgium is raising in the Euromarkets. The rest will take the form of a syndicated loan.

Ireland's note has a 10-year life, with no put options for the investor, and pays ⅛ point over six-month Libor at par. Merrill Lynch is leading the issue, which traded initially slightly outside its total fees of 1.45 per cent.

Heavy loss on Union Pacific joint venture

By Our New York Staff

UNION PACIFIC, the U.S. transportation conglomerate, is setting up an after tax reserve of $125m to cover its losses on the Corpus Christi Petrochemical, which it jointly owns with Britain's ICI and Belgium's Solvay.

The $750m worldscale ethylene and propylene plant was only built in 1980.

Mr William S. Cook, Union Pacific's chief executive, says: "The complex has experienced operating losses since its start up in mid 1980, which stem from industry overcapacity

Siemens shows advance

By John Davies in Frankfurt

SIEMENS, the West German electrical and computer concern, is maintaining its dividend in the face of a generally steady or improved profit position in its wide-ranging activities at home and abroad.

The Munich-based group said yesterday that it proposed to keep the dividend at DM 8 per DM 50 share for the year to September, but gave no profit details in its interim statement.

In the previous year group profits increased 45 per cent to DM 738m on a 16 per cent rise in sales revenue to DM 40.1bn. This time worldwide sales declined slightly to DM 39.5bn (US$14.6bn). The company said this was because no major nuclear power plant deal was settled during the year. Nuclear plant business aside, sales revenue was up 2 per cent on the previous financial year.

The fastest-growing activities were data systems and medical technology, both of which showed a double-digit rise in sales.

Siemens said that its inflow of orders rose slightly to DM 44.9bn. While orders abroad dropped 8 per cent to DM 22.4bn, domestic sales advanced 20 per cent to DM 22.5bn.

But here again, nuclear power contracts distorted the picture, because of major orders for the Emsland and Neckar power plants. Without these projects, domestic orders showed a more modest 5 per cent rise on the previous year.

Siemens said that stagnating demand for electrical goods at home and abroad led to a shortage of work at some factories.

While investment at DM 1.7bn was a little below the previous financial year, the group spent a slightly increased amount of DM 3.5bn on research and development.

20% second half rise at Westpac

BY LACHLAN DRUMMOND IN SYDNEY

THE Westpac Banking Corporation, Australia's largest private banking group, boosted net earnings by 20 per cent in the second half of the year to September 30, to leave the annual total up by 3 per cent from A$215.6m to A$222.2m (U.S.$203.9m). This was despite a 61 per cent increase in bad and doubtful debt provisions.

The final half contribution was up from A$100.3m to A$120.8m offsetting the 12 per cent decline to A$101.4m in the first six months, with the main impetus to the closing half upturn coming from its trading bank operations.

Full year profits here were up from A$89.54m to A$105.45m and, while the savings bank side was down from A$35.9m to A$23.7m for the year, the second half saw profits of A$16.3m, against A$13.7m last time.

The final half input from the trading bank activities was A$58.5m after a steady opening half of A$47m. The remainder of group profit came from the finance company and other non-banking interests, which were up by A$3m at A$83m overall.

The result reflected a widening in margins for the banking group as gross income grew by 7.8 per cent to A$4.56bn while the growth in interest charges lagged slightly at 7.2 per cent to A$2.64bn.

It also came after bad and doubtful debt provisions up from A$65.6m to A$105.7m.

The total dividend has been advanced from 24 cents to 25 cents costing A$99.3m (A$95.3m) for the year.

Court extends Rizzoli group's receivership

BY JAMES BUXTON IN ROME

A MILAN COURT yesterday granted a second year's controlled administration to the Rizzoli publishing group, which owns Corriere Della Sera, Italy's leading newspaper.

Controlled administration, a form of receivership, allows the company, which is in serious financial trouble, a breathing space during which its debts are frozen.

In the case of Rizzoli it also means another 12 months in which to reach a decision on proposed schemes by which leading Italian businessmen would buy all or part of the company.

A 40 per cent stake in Rizzoli was acquired by the late Sig Roberto Calvi in 1981 via La Centrale, the financial holding company owned by Banco Ambrosiano. Rizzoli went into controlled administration last autumn when its debts became unmanageable.

As a condition for the continuation of controlled administration Nuovo Banco Ambrosiano and other banks have agreed to cut the interest on Rizzoli's debt to ten per cent, compared with the current Italian prime rate of 18.75 per cent.

This week Sig Angelo Rizzoli, the former chairman of Rizzoli, was re-arrested on charges relating to illegal export of currency, only 20 days before he had been released from his second period this year of imprisonment awaiting trial.

Troubled Tymshare in talks

By William Hall in New York

TYMSHARE, the leading independent computer time sharing group in the U.S., is having preliminary talks with McDonnell Douglas, which could lead to an offer worth "in excess of $400m."

The company has been facing problems over recent years as demand for its traditional computer time-sharing services has fallen. Declining computer hardware costs and rising telecommunications costs are apparently encouraging its customers to use alternative information gathering systems at a time when its costs are rising.

In late August Wang Laboratories, the fast growing U.S. computer group, appeared as a potential suitor and said that it might buy a stake of up to 25 per cent in the company. Wang subsequently bought a 4.3 per cent stake but sold this shortly afterwards stating it "no longer had an interest in Tymshare."

Caterpillar to sell W. German excavators

By Terry Dodsworth in New York

CATERPILLAR TRACTOR, the world's leading manufacturer of earth-moving and construction equipment, is to begin buying in a range of West German hydraulic excavators in a move designed to expand its product range.

Under the agreement with Franz Eder Maschinenfabrik, Caterpillar will put its own name on the machines and sell them through its dealer network in Europe, Africa and the Middle East. There will be no equity link.

The Eder deal follows two similar contracts for Caterpillar earlier this year. The first of these, with Daewoo of South Korea, was for a range of mid-weight lift trucks

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[illegible]

INSURANCES

[illegible]

MARKET REPORT

Equities and gilts barely changed after early falls

Scattered speculative features

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19

*" New-time " dealings may take place from 9.30 am two business days earlier.

Consideration of the Chancellor's economic statement failed to promote investment activity in London stock markets as the first leg of the trading Account drew to a close yesterday.

Early interest centred on the gilt-edged market which on Thursday sustained falls to a point following a leading Wall Street analyst's prediction that U.S. interest rates would rise next year. Quotations of gilts eased from the start of business yesterday and fresh early falls to ⅜ were recorded as the Chancellor's forecast of a near-£2bn overshoot in PSBR and tax warning fuelled belief that domestic interest rates would, at best, be staying put, and certainly not falling in the short term.

However, prices rallied as early selling dried up and occasional buyers, perhaps paying more heed to the Chancellor's optimistic inflation forecast, took prices back to the overnight levels. The longs closed with falls of around ⅜, while short-dated stocks ended mixed. Following Thursday's disappointing debut, the new £20-paid 10 per cent Exchequer 1989, tap stock, dropped further to ½ discount before closing at a discount of ⅜. The FT Government Securities index closed slightly harder at 83.15 for a loss on the week of 0.55.

Blue chip industrials were marked lower at the outset after institutional selling orders had been received by dealers prior to the 9.30 am opening. Thereafter, as in gilts, prices rallied, and the Financial Times Industrial Ordinary share index recovered steadily from a 5.2 fall at 10 am to close only 0.4 off on balance at 721.4.

Among the constituents, **Tate and Lyle** continued to forge ahead on takeover speculation to touch a 1983 peak of 410p before easing on a bid denial from AB Foods to close a further 12 up and 28 higher on the week at 404p.

Elsewhere in equities, bid situations, both rumoured and actual, kept dealers on their toes. The Financial sectors, which were ablaze with bid fever earlier in the week following Mercury Securities' move to acquire a 29.9 per cent stake in stockjobbers Akroyd and Smithers, were again subdued as the market awaited the terms. Leading oil shares remained depressed by the OPEC ministers' disagreement on pricing policies, but South American explorers Eglinton and Bryson slumped on drilling problems at their Columbian project.

Bank of Scotland continued to forge ahead in the banking sector, closing 13 better and 62 higher on the week at 607p following renewed speculative demand in a thin market. **Royal Bank of Scotland**, on the other hand, cheapened 3 to 148p; the preliminary results are scheduled for December 1. Merchant banks traded on a quieter note, awaiting terms of the Mercury Securities/Akroyd and Smithers deal. **Hill Samuel** gave up a few pence to 287p and **Schroders** eased 5 to 670p.

Bear-closing after the sharp decline which has followed the poor third-quarter profits helped **Royals** to rally 10, still 23 down on the week at 493p. Meanwhile, **Eagle Star** moved up 6 to 655p as the market awaited a further move by original predators, Allianz. Elsewhere, Life issues showed small movement either way. **Pearl** closed 8 off at 729p. **Hogg Robinson** were notable in Lloyds brokers for an improvement of 3 to 130p as bid speculation revived.

Aspinall, recent newcomer to the Unlisted Securities Market, suffered a shake-out and fell to 163p before rallying strongly on revived investment demand to close 3 up on the day at 173p.

Leading Breweries finished a shade firmer for choice, although actual business levels remained disappointing. **Allied-Lyons**, interim results due in the next Account, hardened the turn to 145p, after 146p, but **Grand Metropolitan**, up to 337p earlier, eased to close only a net penny to the good at 334p. A reasonable trade was noted in **Arthur Guinness** on talk of a presentation to brokers and the shares added a penny to 114p, after 115p. Elsewhere, further consideration of the reintroduction of Johnnie Walker Red Label and the company's U.S. expansion plans lifted **Distillers** 4 more at 231p.

Still influenced by the cautious statement, which outweighed rather good preliminary results, **M. J. Gleeson** slipped back 5 more to 187p. Features elsewhere among Building descriptions were few. **Burnett and Hallamshire** continued the recent erratic trend, this time rising 10 to 175p, while **Nottingham Brick** added 5 at a peak for the year of 345p. **Trent Holdings** improved 3 to 69p following the Investors Chronicle Bearbull selection, but profit-taking in the wake of recent speculative bid activity lowered **Francis Parker** 1½ to 39½p.

Alfred Preedy advance

Chemical leader **ICI** moved narrowly but **Hickson International** attracted support after the second interim dividend and profits for the fifteen-month period ending December 31 to finish 13 up at 350p, after 353p. Contrasting movements included **Amersham**, 235p, and **J. Halstead**, 72p, down 4 and 5 respectively.

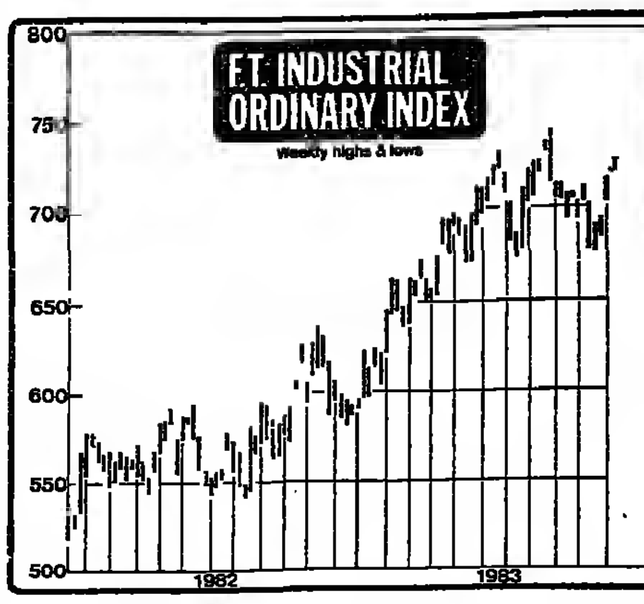
Fears that any increase in domestic interest rates could undermine the recent upturn in consumer spending prompted a easier initial tone among major Retailers; buyers showed sporadic interest at the lower levels however, and most falls at the close were limited to a couple of pence. Proceedings in secondary Stores were featured by tobacconists **Alfred Preedy**, which responded to fresh support and advanced 13 to 84p; the mid-term results are expected early next month. **I. D. and S. Rivlin** added 2 more at 60p on the announcement that **British Car Auction** and **Hawley** have increased their holdings in the company and now control 12.9 per cent and 12.3 per cent respectively. **Court Furnishers A**, still responding to the statement concerning the proposed acquisition of Langlois, hardened 2 for a two-day gain of 9 at 128p, after 130p.

Leading Electricals made a relatively steady showing, but **Plessey**, reflecting Press comment on the second-quarter figures, drifted off further on scattered selling to close 6 cheaper at 208p. Among the high-technology stocks, **Druck Holdings** advanced 15 to 225p, **Atlantic Computer** 8 to 368p, and **SCUSA** 4 more to 108p.

TI edged up 6 to 146p on occasional buying interest, but other leading Engineers rarely strayed far from previous closing levels. **Tace**, reflecting Press mention, improved 3 to 134p, while late speculative support left **Brown and Tawse** similarly dearer at 91p. **John Booth** came to life with a rise of 5 to 65p and **Porter Chadburn** were also noteworthy for a similar gain at 77p.

Dee Corporation continued this week's good run to close at 348p, a gain of 2 on the day and one of 24 on the week, while **S. and W. Berisford** picked up 3 more at 195p—18 higher over the five days. Speculative interest flared suddenly arousing bid hopes in **Tavener Rutledge**, which jumped to 54p prior to settling a net 8 dearer at 50p. Demand ahead of the annual results, due next month, lifted **Carr's Milling** 3 to 87p, while an investment recommendation helped **Freshbake** to improve a penny to 77p.

Reported expansion moves triggered support of **Epicure**, which ended 3 better at 37½p.



Bowater good

The majority of leading Miscellaneous Industrials closed with minor losses, but **Bowater**, stimulated afresh by recent Press mention and hopes of early news on the possible sale of its Canadian interest, advanced 10 more to 226p. Elsewhere, **Applied Computer** featured with a rise of 45 to 488p on the company's bullish statement regarding sales of its new Apricot microcomputer, while **J. Billam** were also outstanding at 38p, up 8, following better-than-expected half-year results and the maintained interim dividend. **Fisons** closed 22 higher at 735p, after 740p, on reports of a favourable article in a medical journal on the company's heart drug currently undergoing clinical trials.

Powell Duffryn, a poor market of late on the IBH situation, rallied 11 to 244p, while **Associated Heat**, still reflecting the interim results, put on 23 more to 323p. **Black Arrow** responded to the increased interim dividend and profits with a rise of 3 to 64p, after 66p. **Gestetner "A"** also encountered support and put on 5 to 58p. **J. Biddle**, thought to be undergoing a market re-rating, advanced 16 more to 110p. **Polly Peck**, unchanged at £21¼, and **Cornell**, 3 off at 200p, after 198p, became steadier markets after falling steadily earlier in the week on the political developments in Cyprus and competition fears.

Scattered after-the-event selling took its toll on **Miss World**, which closed 7 down at 158p. Leisures were otherwise little changed with **Intervision** a penny off at 26p, after 24p, despite favourable Press mention.

Mixed conditions prevailed among Motor Distributors. **British Car Auction** attracted revived investment demand and rose 5 to 220p, but **H. Young**, firm earlier in the week on news that Mr E. W. Davidson has acquired a 10 per cent stake, reacted on profit-taking and, in a thin market, fell 11 to 82p. **Godfrey Davis**, which revealed good interim results last Tuesday, also turned easier and shed 3 at 83p. Elsewhere, **Lotus** rallied 3 at 64p, while a £1.5m order to supply 3-axle 38 ton lorries to Scottish and Newcastle Breweries aided **ERF**, 2 up at 36p.

Publishers featured **United Newspapers** which attracted steady support and advanced 15 to 263p. **East Midland Allied Press "A"** continued to benefit from the encouraging interim statement and firmed another 3 at 68p. **Gordon and Gotch** closed 6 up at 126p following increased first-half earnings. Advertising agency **Geers Gross** fell 18 to 140p after revealing mid-term profits below most market estimates and with sentiment further unsettled by the loss of important accounts and a none-too-encouraging statement regarding the company's New York activities.

Trust Secs. up

Investors' enthusiasm cooled for Stock Conversion but revived for several other, too Property issues. **Land Securities** rose to a high for the year of 342p, up 4, and **Haslemere Estates** closed similarly better at 442p. **Great Portland** stood out with a gain of 6 to 138p, but **Stock Conversion** struggled to extend this week's advance and closed at 322p, marginally better on the day and 16 up over the five-day period. **Trust Securities** became active following the bid approach; although it was indicated that the price offered was at a discount to the ruling market level, the shares rose 5 to 44p on speculation about "shell" possibilities.

Special situations and company trading statements stimulated interest among Textiles. Confirmation that Hong Kong Carpet Manufacturers has sold its 20 per cent stake left recently firm **Carpets International** a couple of pence cheaper at 61p. In contrast, **David Dixon** continued to respond to bid speculation, fuelled of late by newsletter comment, and improved 6 to record a gain on the week of 23 at 108p. **R. Smallshaw (Knitwear)** added a few pence at 34p following the cautiously optimistic view on second half trading that accompanied virtually unchanged interim profits. **John Foster** hardened 1½ to 35½p on the interim profits recovery, but the increased first-half loss left **S. Jerome** 4 off at 56p.

Business in recently active Financials declined as operators awaited the already re-scheduled statement concerning the expected deal between Mercury Securities and Akroyd and Smithers. It was later announced that the Authorities were still examining the proposals and that no statement could be expected until Monday; Mercury closed 5 better at 470p.

Oil shares were featured by a sharp shake-out in **Eglinton**, down 115 at 170p, after 145p, and **Bryson**, 75 lower at 165p, after 155p, on news that drilling had been suspended at the San Sebastian number 3 well in Columbia due to technical problems. Leading issues continued to drift lower against a backdrop of lower spot crude prices and uncertainty about the outcome of the current Opec meeting. **Shell** fell 10 more to 544p and **BP** 6 to 404p. **Burmah**, in contrast, met further speculative demand on bid hopes and closed 5 higher at 169p, after 171p, while **Tricentrol**, also an old bid chestnut, advanced 6 to 190p.

Golds steadier

A volatile week in mining markets closed with South African Golds posting a much steadier performance after the heavy losses in mid-week.

Bullion failed to stage any substantial rally after the sharp decline on Thursday that followed a leading analyst's forecast of higher U.S. interest rates next year.

The metal price closed $1.25 firmer yesterday at $376.125 an ounce, a fall of $6 over the five-day period.

The sharemarket opened on a marginally firmer note, generally reflecting bear-closing in overnight American markets, and thereafter tended to move in a narrow range with the majority of stocks closing with small gains on balance.

The Gold Mines index showed an improvement of 3.3 at 496.3, thus reducing the decline on the week to one of 13.1.

The Anglo American group's gold mines in the Orange Free State, the major casualties in the Thursday sell-off, rallied strongly, especially **Free State Geduld**, ¼ better at £21¼, **Western Holdings**, ⅝ to the good at £26⅝ and **President Steyn**, ¼ firmer at £25⅞.

The cheaper-priced issues were highlighted by notable weakness in **Grootvlei** which retreated 46 more to 867p. **Deelkraal** mirrored the overall trend in the sector and moved up 12 to 265p despite a fire at the mine which the company says will cause a small loss of production.

South African Financials showed minor changes either way. **"Johnnies"** rose a point to £76, boosted by the recent strength in **Randfontein** and platinum producer **Rustenburg**, while **Gold Fields of South Africa** edged up ¼ to £12¼.

London Financials remained subdued despite yesterday's sharp rally in copper prices on the London Metal Exchange. **RTZ** held steady at 562p, leaving the shares some 13 cheaper over the week, but **Charter Consolidated** hardened 2 to 227p.

A firmer Platinums sector showed gains of 10 common to **Impala**, 800p, **Lydenburg**, 500p and **Rustenburg**, 650p.

Little interest was seen in Australians. Leading issues were mixed. **MIM Holdings** fell 7 to 225p and **CRA** 8 to 338p, while **North Broken Hill** rose 4 to 200p and **Western Mining** 2 to 230p.

Traded Options finished the week on a relatively subdued note with 1,581 contracts done—the lowest since late October. Calls totalled 1,185 with **Commercial Union** accounting for 231, of which 140 were struck in the April 200 series. **Imperial Group** also attracted a fair measure of attention with 191 calls transacted. The week's daily average amounted to 2,567.

FINANCIAL TIMES STOCK INDICES

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 10	Year ago
Government Secs.	83.15	83.14	83.52	83.37	83.54	82.56	[illegible]
Fixed Interest	85.77	85.69	85.87	85.75	85.88	85.27	[illegible]
Industrial Ord.	721.4	721.8	722.8	727.3	727.4	720.8	[illegible]
Gold Mines	498.3	493.0	521.0	524.3	513.7	515.4	390.4
Ord. Div. Yield	4.72	4.72	4.73	4.71	4.72	4.75	4.77
Earnings, Yld.% (full)	9.42	9.40	9.41	9.38	9.39	9.42	[illegible]
P/E Ratio (net) (*)	13.26	13.29	13.27	13.32	13.30	13.28	[illegible]
Total bargains	17,908	18,194	19,643	19,166	21,256	18,898	[illegible]
Equity turnover £m.	—	308.34	238.70	246.64	360.45	274.42	[illegible]
Equity bargains	—	17,066	17,888	18,842	21,026	19,465	[illegible]
Shares traded (ml)	—	159.0	150.5	143.8	160.3	171.7	141.8

10 am 718.8. 11 am 716.1. Noon 720.4. 1 pm 721.3. 2 pm 721.4. 3 pm 721.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.47.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.88 (14/11)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (14/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.8 (3/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 17	Nov. 16
Daily		
Gilt Edged Bargains	146.8	148.5
Equities Bargains	110.6	102.0
Value	611.1	484.5
5-day Avrge.		
Gilt-Edged Bargains	167.2	177.8
Equities Bargains	121.4	124.5
Value	596.2	514.9

LEADERS AND LAGGARDS

Percentage changes since December 31, 1982 based on Thursday, November 17, 1983

Newspapers, Publishing	+54.74	Overseas Traders	+20.32
Other Industrial Materials	+53.62	Food Retailing	+19.51
Shipping and Transport	+52.51	All-share Index	+16.31
Chemicals	+46.59	Discount Houses	+16.34
Motors	+42.31	500-share Index	+15.31
Packaging and Paper	+41.46	Mining Finance	+12.69
Insurance (Composite)	+39.48	Industrial Group	+12.27
Merchant Banks	+38.97	Consumer Group	+10.79
Other Groups	+37.97	Health and H'sehold Products	+9.74
Office Equipment	+37.80	Building Materials	+9.46
Insurance (Life)	+34.19	Food Manufacturing	+9.22
Oils	+33.57	Stores	+3.05
Banks	+33.04	Metals and Metal Forming	+5.37
Other Consumer	+32.57	Capital Goods	+5.01
Financial Group	+31.83	Tobaccos	+2.28
Textiles	+31.82	Mechanical Engineering	−0.62
Investment Trusts	+26.44	Brewers and Distillers	−1.48
Leisure	+24.88	Electricals	−2.38
Insurance Brokers	+24.81	Engineering Contractors	−4.27
Property	+21.46	Contracting, Construction	−7.13
		Gold Mines Index	−11.41

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 7	Nov 18	Feb 9	Feb 29
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19

For rate indications see end of Share Information Service

Money was given for the call in Aspinall, Argyle Trust, L.C.P., Inter-City, Bairstow Eves, Polly Peck, Samantha, Ocean Transport, Aran Energy, M.Y. Dart, Premier Oil, Wedgwood, John Brown, Southwest Resources, Rank Organisation, Helical Bar and Bowater. A put was done in Polly Peck, while doubles were taken out in Aran Energy and Metal Sciences.

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	13	34	55	104	276	130
Corporations, Dom. and Foreign Bonds	7	24	48	68	87	250
Industrials	229	232	927	1,404	1,056	4,498
Financial and Props.	89	134	302	720	426	1,494
Oils	17	40	58	103	169	303
Plantations	6	3	11	28	17	61
Mines	52	25	88	213	187	425
Others	67	45	65	341	224	318
Totals	480	537	1,552	2,981	2,417	7,449

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Nov 18 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur Nov 17 Index No.	Wed Nov 16 Index No.	Tues Nov 15 Index No.	Mon Nov 14 Index No.	Year ago (approx.) Index No.	1983 High	1983 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (203)	449.36	−0.3	9.31	3.91	13.83	450.94	453.35	458.90	458.20	447.67	484.42 (26/4)	413.64 (27/1)	484.42 (26/4/83)	50.71 (13/12/74)
2	Building Materials (24)	439.42	−0.2	10.67	4.70	11.80	440.35	439.81	439.93	438.72	421.31	462.65 (15/3)	402.34 (1/1)	462.65 (15/3/83)	44.27 (11/12/74)
3	Contracting, Construction (29)	678.04	−0.2	13.74	5.28	9.09	679.21	679.40	681.87	684.26	741.19	831.09 (15/3)	654.09 (25/10)	831.09 (15/3/83)	71.48 (2/12/74)
4	Electricals (38)	1640.78	−0.4	8.17	2.50	15.91	1647.50	1679.25	1721.48	1721.59	1778.33	1909.93 (3/6)	1523.07 (27/1)	1909.93 (3/6/83)	84.71 (25/6/62)
5	Engineering, Contractors (10)	413.40	+0.1	14.21	6.72	8.92	412.80	412.70	416.25	412.41	478.28	503.86 (27/4)	391.02 (1/2)	523.05 (5/2/82)	64.39 (2/1/75)
6	Mechanical Engineering (59)	194.22	−0.3	12.42	5.81	9.94	194.73	192.92	192.47	191.14	202.80	225.27 (27/4)	184.50 (18/10)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (9)	156.79	−0.2	12.09	7.48	10.00	157.05	157.06	156.75	157.33	144.69	187.60 (7/4)	147.60 (4/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (18)	109.42	−0.7	1.89	4.93	—	110.16	110.60	111.42	110.77	78.27	122.50 (22/8)	76.73 (24/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (16)	554.16	−0.6	5.64	4.04	23.53	557.37	549.19	553.18	551.73	378.98	557.37 (17/11)	362.82 (1/1)	557.37 (17/11/83)	277.55 (15/1/81)
21	CONSUMER GROUP (198)	445.25	—	10.48	4.44	11.70	445.40	447.12	449.48	448.20	414.13	449.48 (15/11)	395.44 (12/1)	449.48 (15/11/83)	61.41 (13/12/74)
22	Brewers and Distillers (23)	445.66	+0.5	12.74	5.15	9.76	443.51	448.86	450.40	449.95	429.88	486.54 (15/2)	413.82 (17/10)	486.54 (15/2/83)	69.47 (13/12/74)
25	Food Manufacturing (22)	353.37	+0.1	13.10	5.73	8.90	352.89	352.63	354.82	351.92	334.57	354.82 (15/11)	318.68 (23/5)	354.82 (15/11/83)	59.67 (11/12/74)
26	Food Retailing (13)	1029.08	+0.2	7.60	2.72	17.30	1027.19	1030.66	1043.16	1033.62	907.28	1043.16 (15/11)	815.37 (30/3)	1043.16 (15/11/83)	54.25 (11/12/74)
27	Health and Household Products (9)	727.19	−0.1	6.19	2.94	19.13	727.58	723.75	727.69	723.26	723.12	879.98 (18/4)	663.01 (1/1)	879.98 (18/4/83)	175.38 (28/5/80)
29	Leisure (23)	578.02	−0.3	8.80	4.70	14.68	579.58	584.07	585.33	584.11	471.76	587.90 (22/8)	451.80 (12/1)	587.90 (22/8/83)	54.83 (9/1/75)
32	Newspapers, Publishing (15)	977.56	+0.8	8.89	4.87	13.51	970.01	963.23	955.85	952.19	575.50	1003.55 (6/9)	619.26 (4/1)	1003.55 (6/9/83)	55.08 (6/1/75)
33	Packaging and Paper (14)	201.63	+0.9	10.75	4.92	11.32	199.76	198.35	199.97	202.16	140.17	202.16 (14/11)	139.78 (4/1)	202.16 (14/11/83)	43.46 (6/1/75)
34	Stores (47)	413.41	−0.5	8.28	3.75	16.47	413.52	415.52	416.39	416.58	397.17	416.58 (14/11)	342.40 (24/1)	416.58 (14/11/83)	52.63 (6/1/75)
35	Textiles (20)	225.74	−0.1	11.62	5.16	10.20	225.99	226.70	228.35	227.39	177.49	228.35 (15/11)	171.44 (1/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	455.42	−0.5	21.88	6.98	5.12	457.59	464.71	470.66	471.09	458.63	516.31 (3/2)	395.33 (10/8)	516.31 (3/2/83)	94.34 (13/6/62)
39	Other Consumer (9)	443.16	—	5.92	4.72	—	443.06	440.89	440.57	437.84	342.85	444.51 (9/11)	334.21 (1/1)	444.51 (9/11/83)	229.84 (28/9/83)
41	OTHER GROUPS (84)	402.32	+0.2	8.19	4.31	15.37	401.64	398.23	401.71	400.79	285.44	402.32 (18/11)	288.55 (12/1)	402.32 (18/11/83)	58.63 (6/1/75)
42	Chemicals (15)	573.54	−0.3	7.88	4.41	16.61	575.31	569.39	567.68	569.37	383.60	575.31 (17/11)	379.93 (12/1)	575.31 (17/11/83)	71.20 (1/12/74)
44	Office Equipment (6)	114.25	+2.4	8.42	4.50	14.80	111.55	111.49	113.09	112.96	89.98	121.17 (5/8)	80.95 (1/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (14)	800.00	+0.7	7.94	5.07	17.03	794.55	792.53	794.64	782.65	549.17	800.00 (18/11)	520.64 (4/1)	800.00 (18/11/83)	90.80 (29/6/62)
46	Miscellaneous (49)	522.65	+0.3	8.52	4.00	14.12	521.33	516.61	527.24	525.02	390.63	541.97 (22/8)	409.35 (12/1)	541.97 (22/8/83)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (485)	444.90	−0.3	9.74	4.25	12.83	445.36	446.41	450.01	448.96	407.39	454.25 (22/8)	391.26 (12/1)	454.25 (22/8/83)	59.01 (13/12/74)
51	Oils (15)	923.53	−1.3	12.19	6.46	9.96	935.98	947.09	959.39	973.32	713.03	1071.68 (15/8)	693.58 (28/2)	1071.68 (15/8/83)	87.23 (29/5/62)
59	500 SHARE INDEX	484.95	−0.3	10.14	4.61	12.25	486.43	488.34	492.68	492.91	433.13	505.31 (18/8)	419.14 (12/1)	505.31 (18/8/83)	63.49 (13/12/74)
61	FINANCIAL GROUP (124)	354.72	+0.4	—	5.42	—	353.24	351.58	353.70	350.66	265.11	354.72 (18/11)	267.24 (4/1)	354.72 (18/11/83)	55.88 (13/12/74)
62	Banks (6)	369.62	+0.3	23.23	6.90	4.70	368.39	361.90	365.04	355.03	270.57	369.62 (18/11)	273.48 (4/1)	369.62 (18/11/83)	62.44 (12/12/74)
63	Discount Houses (8)	336.80	−0.5	—	8.10	—	338.57	339.73	342.65	340.26	294.94	342.65 (15/11)	270.71 (31/1)	342.65 (15/11/83)	81.40 (10/12/74)
65	Insurance (Life) (9)	478.59	−0.1	—	4.70	—	479.02	482.75	485.73	482.30	353.88	498.12 (18/8)	332.67 (12/1)	498.12 (18/8/83)	44.88 (2/1/75)
66	Insurance (Composite) (10)	246.65	+1.2	—	6.23	—	243.73	245.91	245.60	249.26	175.42	249.26 (14/11)	174.73 (4/1)	249.26 (14/11/83)	43.96 (13/12/74)
67	Insurance Brokers (7)	609.09	−0.4	11.15	4.77	12.29	611.54	614.70	616.77	588.66	520.38	631.47 (12/4)	489.98 (1/1)	631.47 (12/4/83)	65.86 (16/12/74)
68	Merchant Banks (12)	211.12	−0.1	—	4.46	—	211.33	211.45	214.40	211.97	160.32	214.40 (15/11)	152.21 (1/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (54)	504.61	+0.6	5.82	3.77	22.95	501.85	495.84	500.64	501.45	393.68	504.61 (18/11)	410.37 (12/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Other Financial (18)	254.57	+0.1	10.96	5.29	10.99	254.21	250.31	251.36	245.97	184.74	263.61 (25/3)	183.23 (4/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (108)	450.72	−0.5	—	3.95	—	452.98	451.74	451.76	448.01	347.43	454.36 (22/8)	358.26 (11/1)	454.36 (22/8/83)	71.63 (13/12/74)
81	Mining Finance (4)	266.85	+0.1	10.39	5.47	11.78	266.68	271.11	276.05	275.51	218.03	330.44 (22/8)	236.76 (1/1)	330.44 (22/8/83)	66.31 (30/9/74)
91	Overseas Traders (14)	472.34	+0.5	7.82	8.07	18.69	469.90	468.76	468.46	467.86	379.86	505.99 (19/8)	387.01 (4/1)	505.99 (19/8/83)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	452.18	−0.2	—	4.76	—	452.97	453.98	457.60	456.84	387.90	465.74 (18/8)	382.22 (1/1)	465.74 (18/8/83)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri Nov 18	Day's change %	Thur Nov 17	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.63	+0.05	117.57	—	10.38
2	5-15 years	133.05	−0.02	133.07	—	12.04
3	Over 15 years	143.26	−0.04	143.32	—	12.54
4	Irredeemables	152.50	+0.67	151.48	—	13.34
5	All Stocks	131.04	+0.01	131.03	—	11.65
6	Debentures and Loans	107.57	−0.06	107.63	—	9.92
7	Preference	88.42	+0.13	88.31	—	6.38

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 18	Thur Nov 17	Year ago (approx.)	1983 Highs	1983 Lows
	British Government						
1	Low	5 years	9.63	9.58	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	9.75	9.74	[illegible]	[illegible]	[illegible]
3		25 years	9.67	9.67	[illegible]	[illegible]	[illegible]
4	Medium	5 years	10.90	10.90	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	10.54	10.52	[illegible]	[illegible]	[illegible]
6		25 years	10.02	10.01	[illegible]	[illegible]	[illegible]
7	High	5 years	11.02	11.01	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	10.74	10.72	[illegible]	[illegible]	[illegible]
9		25 years	10.12	10.13	[illegible]	[illegible]	[illegible]
10	Irredeemables †		9.60	9.66	[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	11.53	11.50	[illegible]	[illegible]	[illegible]
12		15 years	11.54	11.54	[illegible]	[illegible]	[illegible]
13		25 years	11.55	11.55	[illegible]	[illegible]	[illegible]
14	Preference †		12.19	12.21	[illegible]	[illegible]	[illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p. CONSTITUENT CHANGES: Argyll Foods (26) and Amalgamated Distilled Products (22) have been deleted and replaced by Argyll Group (26) and Holt (Joseph) (22) respectively.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (79)

[illegible]

NEW LOWS (10)

[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bowater	226	+10	Hickson International	350	+13
Bryson Oil and Gas	165	−75	Ocean Transport	113	+3
Courtaulds	108	—	Plessey	208	−6
Eagle Star	655	+6	Royal Insurance	493	+10
Eglinton Oil and Gas	170	−115	Tate and Lyle	404	+12
Gestetner 'A' N/V	58	+5	Tavener Rutledge	50	+8

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
BTR New	19	381	+5	Shell Transport	12	554	−10
ICI	18	602	+6	Bowater	11	218	+8
Lloyds Bank	16	528	−6	Esso Intnl.	11	610	+17
GEC	13	196	−6	Kwik Save	11	372	−5
Midland Bank	13	433	+8	NatWest Bank	11	635	+8
Aspinall New	12	170	+7	Plessey	11	214	−8
Grand Met.	12	333	−7	Cbl. & W'less	10	283	+11

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ended Thursday

Stock	No. of changes	Last close	Change on week	Stock	No. of changes	Last close	Change on week
Eagle Star	133	647	+33	Brit. Aerospace	72	204	−26
ICI	108	604	+24	Midland Bank	69	433	+33
Royal Insnce.	98	483xd	[illegible]	Royal Bk. Scot.	67	151	+19
Aspinall New	90	170	+7	BTR	68	383xd	+16
GEC	81	198	−2	Europ. Ferries	66	[illegible]	[illegible]
Glaxo	74	733xd	+18	Phoenix Assce.	66	390xd	+29
Smith Bros.	73	91	+18	Shell Transport	66	554	−16

* Based on Monday's opening price.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

حركة اسعار التحويل

INSURANCE & OVERSEAS MANAGED FUNDS

Property Growth Assur. Co. Ltd.

Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	289.2		—	—
Property Fund (A)	281.2		—	—
Agricultural Fund	1,117.0		—	—
Agric. Fund (A)	1,087.4		—	—
Abbey Nat. Fund	229.8		—	—
Abbey Nat. Fd. (A)	228.8		—	—
Investment Fund	139.1		—	—
Investment Fund (A)	136.1		—	—
Equity Fund	475.2		—	—
Equity Fund (A)	407.6		—	—
Money Fund	227.5		+0.2	—
Money Fund (A)	203.5		+0.2	—
Actuarial Fund	213.6		—	—
Gilt-edged Fund	394.9		—	—
Gilt-Edged Fd. (A)	394.9		—	—
Retire Annuity	354.8		—	—
Immed. Annty	191.5		—	—
International Fd.	261.7		+0.3	—
Bldg. Soc. Life Fd.	165.2		—	—

Property Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	245.4	258.3	—	—
Inv. Fd. Uts.		259.6	—	—
Pension Fd. Uts.		254.6	—	—
Conv. Pens. Fd.		294.6	—	—
Cnv. Pns. Cap. Ut.		220.8	—	—
Man. Pens. Fd.		377.5	—	—
Man. Pens. Cap. Ut.		259.3	—	—
Prop. Pens. Fd.		288.2	—	—
Prop. Pens. Cap. Uts.		274.1	—	—
Bldg. Soc. Pen. Ut.		256.0	—	—
Bldg. Soc. Cap. Ut.		198.4	—	—
Gilt Pens. Fd.		173.7	—	—
Gilts Pens. Fd. Cap.		151.6	—	—
Equity Pens. Fd.		254.9	+0.4	—
Equity Pens. Fd. Cap.		222.1	+0.5	—

Providence Capital Life Assc. Co. Ltd.

30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	107.7	113.7	—	—
Fixed Interest Acc.	93.6	98.8	—	—
Intnl. Acc.	80.7	85.2	—	—
Managed Acc.	92.2	97.2	—	—
Property Acc.	113.2	119.5	—	—
Money Acc.	74.6	78.7	—	—
Special Market Acc.	67.8	71.6	—	—
Japan Acc.	62.8	66.3	—	—
North American Acc.	70.9	75.9	—	—

British National Life Assurance Co. Ltd.

Capital Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Unit Ass. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Group

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

National Provident Institution

New Zealand Ins. Brit. Insce. PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Society

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Andover Futures Ltd.

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Barbank (Overseas) Ltd.

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Chieftain International Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortaca International

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

Gartmore Fund Managers

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

N.V. Interbeheer

International Bond Trust

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Newport International Management

Normandy Trust Managers Ltd.

Northgate Unit Tst. Mgrs. (Jersey) Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quilter/Heinold Commodities

Rea Brothers (IoM) Ltd.

Rothschild Asset Management (C.I.)

Royal Bank of Canada Funds

Royal Trust Intnl. Fd. Mgt. Ltd.

Save & Prosper International

Schroder Unit Trust Mgrs. Int. Ltd.

Securities Selection Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tyndall Bank (Isle of Man) Ltd.

Tyndall Group

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

NOTES

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99½	96¼	Funding 5½pc '82-84‡‡	99½		5.54	9.19
101¼	99½	Exch. 11¼pc 1984	100½	–⅛	11.21	9.14
104¾	100¾	Exchequer 14pc 1984	102¼xd	...	13.68	9.22
97	92½	Exch. 3pc 1984	95¾xd	–1/16	3.10	8.69
102½	100½	Treasury 12pc 1984	102¼	......	11.75	9.24
107½	104½	Treasury 15pc 1985	105½	...	14.22	10.10
107	101¼	Exch. 12pc Cnv. '85	102½	...	11.75	10.02
93¾	88⅝	Treasury 3pc 1985	93¼xd	–¼	5.20	7.49
102½	99⅛	Treasury 11½pc 1985	101½	–⅛	11.29	10.14
102	95	Treas 9½pcCnv '85	96⅛	+⅛	8.92	9.87
103¾	100⅛	Exch. 12¼pc 1985	103¼	–¼	11.85	10.29
102⅞	99⅛	Exch 11¾pc '86	102½	..	11.46	10.39
102¼	97¼	Treas 10pc Cnv 1986	101⅞	+1/16	9.82	9.08
88½	85⅜	Treasury 3pc 1986	88¼	...	3.39	8.87
101½	97½	Exch. 10½pc Cv '86	100¼xd	+⅛	10.43	10.16
103½	100¼	Treasury 12pc '86	103¼xd	...	11.65	10.61
96¼	94⅜	Treasury 8¼pc '84-86‡‡	96⅛	–⅛	8.85	10.14
114	103¼	Treas. 12½pc '86 Cnv.	110	–¼	11.14	7.95
109½	105½	Exch. 14pc 1986	107½	...	12.99	10.80
107¼	103⅜	Exch. 13¼pc 1987	105½		12.51	10.93
100¼	95⅜	Treas 10¼pc Cnv '87	99¼	–⅛	10.31	10.43
84½	80¼	Exchequer 2½pc 1987	83	+¼	3.01	8.58
100¼	95⅜	Exch. 10½pc 1987	99¼		10.58	10.75
93¼	88⅛	Funding 6½pc '85-87‡‡	90½	–¼	7.19	9.82
98½	96	Treas 10pc 1987	97¾	...	10.25	10.81
84	80¼	Treasury 3pc 1987	82¼	...	3.65	0.73
104¼	99⅝	Treas 12pc 1987	103½	......	11.59	10.87
93¼	89¼	Treasury 7¼pc '85-88‡‡	91¼	–⅛	0.50	10.36
101½	95½	Exch 10½pc '88	99¼	..	10.58	10.72
61⅞	59½	Treas 9½pc CV'88 (£60pd)	60¼	–¼	10.03	10.52
81½	75¼	Transport 3pc '78-88	79	–¼	3.80	8.61
96¾	90¼	Treas. 9½pc '88	95¼	..	9.95	10.75

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¼	95¼	Treasury 11½pc 1989	104¼	..	11.29	10.99
103	94¼	Treas 10½pc 1989	97¾xd		10.68	10.93
20	19½	Exch 10pc 1989 (£20pd)	19½	–⅛	10.35	10.80
83¼	76	Treasury 5pc '86-89	81½	...	6.15	9.15
113½	103	Treasury 13pc 1990‡‡	112¼	...	11.95	10.97
109¼	100⅞	Exch 12½pc 1990	109⅜	–⅛	11.75	11.02
93¼	86¼	Treasury 8¼pc '87-90‡‡	90¼xd		9.07	10.19
105¼	97	Treasury 11¾pc 1991	107½	+⅛	11.28	11.35
93	74⅛	Funding 5¾pc '87-91‡‡	80½	..	7.12	9.56
103	95⅝	Exch 11pc 1991	101⅝	+½	10.92	10.83
114½	102	Treasury 12¾pc 1992	113½	...	11.67	10.98
100	88¼	Treasury 10pc 1992	99⅝	+⅛	10.30	10.52

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
94¼	89¼	Do. 7½pc '83-86	91½xd	+⅛	5.14	11.09
181	158	S. Rhod. 2½pc Non-Ass	180	..	—	
86	74	Do. 3½pc 80-85 Assd	82		4.29	14.30
57	44	Do. 4½pc 87-92 Assd	54		8.43	14.20
395	321	Zimbabwe Ann (£100pd)	340		—	15.70

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	71¼	Agric. Mt. 5pc '59-89	74½	..	6.68	11.72
37	31¼	Met. Wtr. 3pc 'B'	37	...	3.23	10.96

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Gr's	P/E
9	6½	Dawes (G. R.)	7	..	—	—	—	—
£94	£68½	Deutsche Bank DM50	£77¼	–½	Q22%	—	3.5	—
178	94	English Assoc.	143	+1	h2.73	3.8	2.7	13.7
66	39	First Nat. 10p	62	–1½	—	—	—	4.9
5¼	¼	Do. Wrrts. 75-83	1	....	—	—	—	—
253	161	Gerrard Natnl.	248	......	610.0	—	5.8	—
59	43	Goode D't Mry.5p	51	..	1.0	—	2.8	—
208	125	Grindlays	138	......	4.38	3.0	4.5	10.5
58	39	Guinness Peat	53	+1	B—	—	—	—
140	100	Hambros 5p	134	..	5.28	—	5.6	—
296	177	Hill Samuel	287xd	–3	19.1	—	4.5	—
86½	50	Hong Shng.$2.50	60	–2	Q55e	—	7.7	—
76	57	Jessel Toyn & Gillett	67	–1	15.5	—	11.7	—
280	185	Joseph (Leo) £1	278	+3	11.25	—	5.8	—

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

حكذا من الأصل

MINES—continued

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
170	25	Admiral Mines	25	......	—	—	—
90	34	Anglo-Dominion	70	–5	—	—	—
93	54	Anglo Utd. Dev.	63	–4	—	—	—
172	60	Colby Res Corp.	119	–18	—	—	—
550	315	Cons. Murch. 10c	550	......	Q60c	1.9	‡
240	170	Hampton Areas 10p	199	–2	3.75	2.1	2.6
215	103	Highwood Res.	155	+5	—	—	—
£24½	£17½	Homestake Mining $1	£18¾	+⅛	Q20c	—	0.7
495	275	Northgate C$1	290	–5	—	—	—
672	457	R.T.Z.	562	......	17.0	2.9	4.3
£147½	£108	Do 9⅝pcCnv.Ln.'95-2000	£126	–½	Q9½%	32.5	17.8
190	13	Sabina Inds C$1	65	......	—	—	—
750	312	Tara Exptn $1	730	......	—	—	—

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ϕ Figures or report awaited.
- Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv. 20p	62	......	Fin. 13% 97/02	£96¼	+¼
Bdg'wtr. Est. 50p	300	......	Alliance Gas	66	......
Craig & Rose £1	£10½	......	Arnott	207xd	+2
Finlay Pkg. 5p	37	+1	Carroll (P.J.)	99	......
Higsons Brew.	85	......	Concrete Prods.	80	......
Holt (Jos) 25p	900	......	Heiton (Hldgs.)	16	+1
I.O.M. Stm. £1	127	......	Irish Ropes	34½	......
IRISH			Jacob	55xd	–24
Exch. 12% 1985	£99¼	......	T.M.G.	85	......
Nat 9¾% 84/89	£89¼	+⅛	Unidare	75	......

OPTIONS

3-month Call Rates

Industrials					
Allied Lyons	13	House of Fraser	20	Utd. Drapery	22
BOC Grp	20	I.C.I.	45	Vickers	12
B.S.R.	20	"Imps"	11	Woolworth Hld.	30
Babcock	15	I.C.L.	7	**Property**	
Barclays Bank	45	Ladbroke	22	Brit. Land	8½
Beecham	32	Legal & Gen.	45	Cap. Counties	14
Blue Circle	45	Lex Service	32	Land Sec.	28
Boots	16	Lloyds Bank	49	MEPC	20
Bowaters	22	"Lots"	4	Peachey	16
Brit. Aerospace	19	London Brick	10	Samuel Props.	11
B.A.T.	14	Lucas Inds.	15	Town & City	4
Brown (J.)	5½	"Mams"	14	**Oils**	
Burton Ord.	35	Mrks. & Spncr	20	Brit. Petroleum	38
Cadburys	11	Midland Bank	40	Burmah Oil	17
Courtaulds	10	N.E.I.	10	Charterhall	9
Debenhams	14	Nat. West. Bank	55	KCA	6
Distillers	20	P &O Dfd.	21	Premier	6
Dunlop	6	Plessey	19	Shell	55
Eagle Star	45	Racal Elect.	20	Tricentrol	22
F.N.F.C.	5½	R.H.M.	7	Ultramar	65
Gen. Accident	42	Rank Org. Ord.	20	**Mines**	
Gen. Electric	18	Reed Intnl.	32	Charter Cons.	28
Glaxo	75	Sears	8	Cons. Gold	58
Grand Met.	30	T.I.	13	Lonrho	9
G.U.S. 'A'	58	Tesco	17	Rio T. Zinc	62
Guardian	45	Thorn EMI	55		
G.K.N.	16	Trusthouse	18		
Hawker Sidd	28	Turner & Newall	7		
		Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FINANCIAL TIMES
Saturday November 19 1983

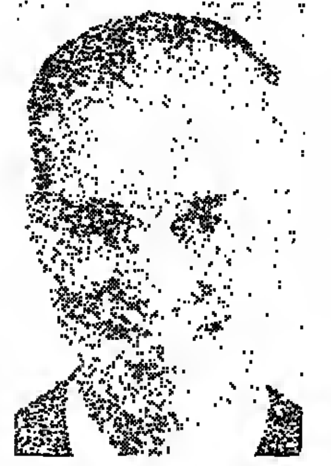
MAN IN THE NEWS

Alone at the top of Ma Bell

BY GUY de JONQUIERES

A PIKE, a long wooden post once used to raise telephone poles to the vertical position, hangs on the wall of the New York office of Charles Brown, chairman of American Telephone & Telegraph. A gift from former mid-West colleagues, it is a constant reminder of AT&T's Bell Telephone System which has been Brown's world for most of his life.

That world is about to be shattered by what Brown has called the most "terribly wrenching, difficult and costly process" of his career — the break-up of AT&T into eight separate entities. This week, the company gave Wall Street its first glimpse of how it sees



"Charlie" Brown of AT & T

the financial future after the division is made early next year.

Though flanked by his co-directors and a vast staff, Brown clearly feels intense personal responsibility for the decision almost two years ago to accept the anti-trust settlement which will lead to the largest corporate reorganisation in U.S. history.

Since he became chairman in early 1979 the problem has dominated most of his working hours and much of his private time, too, according to associates. "Talk about loneliness of the man at the top," says one. "He knows what it's all about."

Like many of AT & T's senior managers, the 62-year-old Brown was born into the business. His father was a Bell System supervisor and his mother a switchboard operator. While still studying to become an engineer, he took holiday jobs as an AT & T construction worker, joining the company full-time in 1946.

His rise to the top followed the classic AT & T route of promotion through the regional telephone companies, followed by senior executive positions at the headquarters in New York.

Unlike his immediate predecessor, the outspoken and abrasive John DeButts, Brown is reserved to the point of shyness. Invariably dressed in a sober Ivy League suit and white button-down shirt, he often allows others to do most of the talking at business meetings, summing up briefly before announcing his decision.

But his correct manner conceals a homespun, all-American folksiness which has endeared him to many of his staff. Widely referred to in the company as simply "Charlie," he has held informal get-togethers with more than 10,000 employees to explain why he signed the anti-trust settlement.

The tone is of a family occasion. With his wife at his side, he quietly delivers a message which runs: "There's no piece of paper which can destroy the friendships or the spirit that are so typical of the Bell Telephone System. . . ."

Brown's place in U.S. business history is already assured. But gruelling as the past few years have been, the task during the remaining three years of his chairmanship looks in many ways at least as tough.

The new, slimmed-down AT & T which emerges from the break-up will be free to venture far beyond its traditional telephone operations into fast-moving growth businesses ranging from videogames to computerised office automation systems. But seizing the opportunities of competition will require huge adjustments in an organisation long dedicated to providing a universal monopoly service.

"We have grasped the nettle and have our destiny in our own hands," says Mr Brown. "We have served the American people as a mass-utility operation and we are proud of that. What AT & T needs to do now is to provide customer satisfaction on an individual basis."

Report attacks Metropolitan Police

BY GARETH GRIFFITHS

THE AIMS and management of the Metropolitan Police were criticised in a report published yesterday by the Policy Studies Institute. The report found that the police lacked defined objectives and suggested there should be consultative management within the 26,000-strong organisation.

The PSI was asked by the Metropolitan Police in 1979 to carry out the inquiry and its report was welcomed yesterday by Sir Kenneth Newman, the Metropolitan Police commissioner. However, the findings are highly critical of Metropolitan Police organisation in several key areas.

The report said that promotion up to the rank of inspector was dependent on passing examinations and was "very little related to proven ability, performance or standards of conduct." There was little direct supervision of junior ranks by senior officers and much patrolling by police officers on foot and in vehicles was "apparently aimless."

Police use of management information systems was weak and there was little or no information about what kind of manpower was deployed in various ways.

The Metropolitan Police, according to the report, had an unofficial policy of keeping the proportion of women officers down to about 10 per cent. "From the selection statistics, it is difficult to escape the conclusion that the force discriminates unlawfully against women applicants," the report said.

A survey of 2,420 Londoners carried out for the report showed that 27 per cent had been victims of various types of crime in the previous 12 months and 63 per cent of West Indian men aged between 15 and 24 had been stopped by the police. Stopping policy needed clearer objectives, the PSI said.

The study, which is more than 1,000 pages long, suggested that there was heavy drinking in the CID; police brutality, particularly to people at the bottom of the socio-economic league; and a racialist use of language, although the PSI concluded this had not led to racialist actions by the police.

Sir Kenneth said the project had been the most comprehensive independent scrutiny of a major police force ever conducted in Europe. He saw merit in many of the recommendations.

"A report of this nature and scope was bound to reveal defects and deficiences as well as strengths and areas of competence," Sir Kenneth said. "A number of flaws have been revealed. It is fair to say that some of the deficiencies are serious and require considerable remedial action."

In a series of response papers to the PSI report, the Metropolitan Police argued that many of the problems had been taken in hand.

The Home Office, which is responsible for London's police, said last night it was studying the documents, which could prove important to the progress of the Police Bill.

Feature, Page 15

Japan and EEC agree on formula to restrain exports of VTRs

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN AND the EEC yesterday reached agreement on a formula for restraining exports of video tape recorders to Europe. They set a ceiling for the export of finished sets but left the export of kits for local assembly virtually free from controls.

Japan will ship a maximum of 3.95m finished sets to the community in 1984, the same as in 1983. An additional 1.1m chassis kits will probably be exported to Europe for assembly by Japanese manufacturing subsidiaries in the UK and West Germany and by European companies involved in joint ventures with Japanese VTR makers.

Shipment of chassis kits, however, will be "basically free" according to Japan's Ministry of International Trade and Industry. This year Japan has been committed to limiting kit exports to 600,000.

The exclusion of chassis kits from the agreement on VTR exports was the main point at issue during three days of talks this week between the Minister of International Trade and Industry, Mr Sosuke Uno and the EEC's Commissioner for Industry, Viscount Etienné Davignon.

Viscount Davignon said yesterday that the Communtiy had agreed to separate treatment of chassis kits on the understanding that a minimum amount of added value would be incorporated in Japanese VTR sets assembled in Europe. The EEC is also insisting that the amount of added value be raised steadily.

A third section of the revised agreement on VTR exports stipulates that European electronics companies will be able to produce and sell at least 1.3m locally manufactured VTR sets during 1984.

The "guarantee" of production by European manufacturers applies chiefly to companies manufacturing the V2000 format for video recorders originally developed by Philips. However, EEC officials said yesterday that in principle it meant any European company engaged in genuine manufacturing operations.

EEC officials said they had no definition of what was meant by "genuine manufacturing" but there was a clear understanding with Japan on which European companies were covered by the expression.

Philips and Grundig are producing the V2000 format machines for sale in Europe. Both companies, however, are planning to start manufacture of the Japanese VHS format in the near future.

Japan agreed in February to limit its exports of VTRs to Europe over a three-year period. Shipments for the first year were set at 4.55m sets, (including chassis kits) and European companies would be able to produce and sell at least 1.2m units during 1983.

Viscount Davignon admitted yesterday that European production this year was likely to fall short of the 1.2m "minimum" level. He attributed this to the time taken by manufacturers to increase operating levels after the February agreement.

Assembly of VTRs from imported Japanese chassis kits is taking place in the UK at the Newhaven, Sussex, plant of J2T company, a joint venture between Thorn EMI, Telefunken and Victor Company of Japan.

VTR assembly in the UK is also being started by Sanyo Electric, Mitsubishi Electric and Toshiba Corporation.

European local content included in the sets produced at Newhaven has reached 30 per cent according to the chairman of Thorn EMI, Ferguson, Mr R. E. Norman.

Galtieri to face court martial

By Jimmy Burns in Buenos Aires

ARGENTINA's post mortem on the Falklands war neared its conclusion yesterday with the announcement that the former junta which ordered the invasion of the islands on April 2, 1982, will be tried by court martial.

General Leopoldo Galtieri, Admiral Jorge Anaya and Brigadier Basilio Lami Dozo will face a military tribunal as a result of the findings of an official Argentine investigation into the war.

Details of the investigation have been kept secret but a preliminary memo written by retired General Benjamin Rattenbach, one of the investigators, was leaked in August.

Gen Rattenbach put most of the blame on Gen Galtieri for his decision to resist militarily the British recovery of the islands without having ensured the necessary naval and air support.

Argentina's original plan had been to carry out a symbolic occupation of the islands to press its claim for sovereignty. It planned to withdraw within a week, paving the way for a negotiated settlement with Britain.

Admiral Anaya and Brigadier Lami Dozo have been criticised by Gen Rattenbach for not dissuading Gen Galtieri from a military confrontation and for not adequately co-ordinating with the Army once war had broken out.

Argentina's official report on the war was completed several weeks ago, but the present junta decided to postpone any action to avoid upsetting its final diplomatic defences on the Falklands issue.

The military authorities have come under increasing pressure recently from within their own ranks and from politicians, to move against the former junta.

U.S. growth Continued from Page 1

policy committee meeting in Paris, also said the U.S. economy would grow by 4.5 per cent from the fourth quarter of this year to the fourth quarter of next year.

The effect of this bigger growth in Britain and West Germany is likely to lead to an upward revision of the OECD Secretariat's economic growth forecast of 3.25 per cent for all OECD countries. Revised figures are due to be released next month.

Mr Kjell Andersen, the OECD's Director of Economic Forecasting, said yesterday that growth this year had been stronger than expected. Inflation had come down slightly faster than the OECD had envisaged.

Mr Feldstein noted a general improvement in relations between the U.S. and other industrialised countries, largely because the U.S. recovery was now more clearly defined than six months ago. Big U.S. trade deficits were helping other economies, he said.

Although there were no calls for economic "locomotives" — strong economies pulling others forward in their wake — or changes in monetary policy, some delegates at the meeting again called for less restrictive economic policies in some countries. Others argued that expansionary policies could put sustained recovery at risk in the medium term. Delegates again pressed the U.S. to take steps to control future budget deficits.

The meeting discussed the need for the OECD to focus more strongly on the problems of government intervention in specific domestic industrial sectors. Mr Feldstein remarked that pressure on governments to intervene at certain sectoral levels was strong, because of unemployment, but the cost of such intervention was high. The OECD Economic Policy Committee is to discuss the subject again at its meeting in the spring.

Citibank attacked Continued from Page 1

ployees and 1,500 offices in 94 countries. Citibank runs the most extensive banking operation in the world. Last year foreign business accounted for more than half of total assets and profits.

The bank's headquarters in New York has not been organised, but unions in some countries like Singapore and Malaysia have achieved recognition, Fiet says. In other countries, mainly in Europe, national practices require Citibank to join a bank employers' association and to accept collective bargaining.

Fiet maintains that Citibank has violated Organisation of Economic Co-operation and Development guidelines on industrial relations, which require multinationals to respect the right of local employees to join unions and engage in collective bargaining. Fiet said that various members had taken up Citibank's practices with the Paris-based OECD and the International Labour Organisation.

Fall in longer leading indicator puts doubt on recovery prospects

BY ROBIN PAULEY

THE official indicator which predicts prospects for the economy in 12 months' time fell for the third consecutive month in October, reviving fears that the recovery might start to fade next year.

Although none of the Central Statistical Office's four cyclical indicators is a reliable guide on a month-to-month basis, the continuing fall in the longer leading indicator is beginning to cause concern in the City.

All the indicators have been re-based from 1975=100 to 1980=100. On the new basis the longer indicator recorded 108.9 in October, its lowest for a year. After peaking at 111.7 in July it fell to 111.2 in August and 110.2 in September.

One of the most important factors in longer lending index is the Confederation of British Industry's quarterly survey of optimism among businessmen. It has been affected by the decline in the numbers reporting increased optimism in the last survey. A drop in share prices and housing starts also affected the indicator.

The fall in interest rates at the beginning of October partly offset these negative influences.

The shorter indicator, which predicts changes over the next six months, continued to rise, helped by improvement in orders, stocks and profits. The index reached a high for this year of 108.6 in October, compared with 108.1 in September and 100.4 in October last year.

The continued advance of the shorter indicator and the fall of the longer indicator reflects to some extent the CBI view that although a patchy recovery is under way, there is a risk of its fading after the first quarter of next year.

The Government's more optimistic view is for sustained recovery with 3 per cent growth this year and next.

The coincident indicator, which shows the present state of the economy, rose to 99.0 in October compared with 97.8 in September and 91.2 in October last year.

Improvement in raw material stocks, the consumer spending recovery and output by production industries have helped maintain upward pressure on this indicator.

The lagging indicator shows turning points in the economy a year after they have happened. This index has been improving slowly throughout the year from 87.4 in January to 89.0 for May, June and July and 89.2 in August.

The indicators show clearly the trough of the recession in May 1981, since when there has been a fairly modest but consistent climb until the longer indicator started to forecast some downturn for next year.

Weather

UK TODAY

CLOUDY, mainly dry with bright intervals.

London, S.E., S.W., S., E., Cen. England, Midlands, Wales
Cloudy, bright intervals. Max 11C (52F).

Isle of Man, N.W., N.E., N., Cen. England
Cloudy, rain later. Max 9C (48F)

Scotland, N. Ireland
Rain, becoming brighter. Max 9C (48F).

Outlook: Becoming colder.

WORLDWIDE

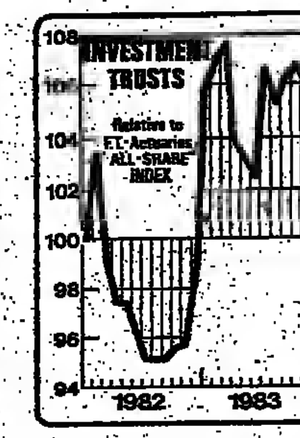
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Luxmbg.	S	4	39
Algiers	F	19	66	Madeira	R	20	68
Amsdm.	C	3	37	Madrid	F	10	50
Athens	R	13	55	Majorca	F	16	61
Bahrain		—	—	Malaga	S	20	68
Barclna.	R	11	52	Malta		—	—
Beirut	C	24	75	M'chstr	C	8	46
Belfast	C	7	45	Melbne.	S	15	55
Belgrd.	F	2	36	Mx. C.		—	—
Berlin	S	2	36	Miami†	F	13	55
Biarritz	F	12	54	Milan		—	—
Bnghm.	C	7	45	Montrl.†	C	−4	25
Blackpl.	C	7	45	Moscow	C	5	23
Bombay	S	30	86	Munich	S	2	36
Bordx.	S	7	45	Nairobi	F	27	81
Boulgn.	S	7	45	Naples	C	14	57
Bristol	C	8	46	Nassau		—	—
Brussels	F	0	32	Nwcstl.	C	8	46
Budpst.	C	3	27	N. Delhi	S	27	81
Cairo	S	29	84	N. York†	F	2	36
Cardiff	C	7	45	Nice	F	17	63
Cape T.	S	20	68	Nicosia	F	22	72
Chicg.†	C	4	39	Oporto	F	16	61
Cologne	S	5	41	Oslo	S	1	34
Cpnhgn.	F	7	45	Paris	C	4	39
Corfu	S	18	64	Peking	S	11	52
Dallas	F	18	64	Perth	C	20	68
Dublin	C	7	45	Prague	C	0	32
Dbrvnk.	S	14	57	Rykjvk.	R	4	39
Ednbgh.	C	8	46	Rhodes		—	—
Faro	F	18	64	Rio J'o†		—	—
Florence		—	—	Rome	R	11	52
Frankft.	C	4	39	Salzbrg.	S	2	36
Geneva	C	3	37	S'frsco†	F	11	52
Gibrltr.	F	20	68	Singapr.	F	31	88
Glasgow	C	9	48	S'tiago†		—	—
G'nsey	C	10	50	Stckhm.	S	5	41
Helsinki	C	2	36	Strasbg.	F	4	39
H. Kong	S	22	72	Sydney	F	19	66
Innsbrk.	S	3	37	Tangier	F	20	68
Invrnss.	C	8	46	Tel Aviv	S	26	79
I.o.Man	C	8	46	Tenerife	F	25	77
Istanbul	R	9	48	Tokyo	S	14	57
Jersey	F	10	50	T'r'nto†	F	−5	23
Jo'burg	T	25	77	Tunis	F	20	68
L Pims.	S	27	81	Valencia	S	18	64
Lisbon	F	16	61	Venice	S	9	48
Locarno	S	6	43	Vienna	S	3	37
London	C	9	48	Warsaw	S	1	34
L. Ang.†	F	16	61	Zurich	C	0	32

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures

THE LEX COLUMN

Where trusts are not enough

Index fell 0.4 to 721.4



Anglo Scottish Investment Trust's announcement this week that it is to consult shareholders about the possibility of unitisation looks like a bad case of the stable door being shut too late—and the wrong door at that. Anglo's institutional shareholders have, if not bolted, at least made their displeasure increasingly evident. But unitisation is not the issue over which they would have liked earlier action. They are angry that Anglo—like Group Investors three weeks before it—has transferred its account from one fund manager to another in an apparently covert manner with no prior consultation.

In view of the siege conditions prevailing in the investment trust sector these days, it might be thought less than prudent for the directors of a trust to incur the suspicion of their shareholders, to put it no more strongly.

Quite apart from the familiar threat of unitisation appeals, they have to contend with the possibility of a hostile—not to say less generous—take-over bid from another Guinness Peat in search of a cheap capital base.

In fact, Anglo and Group Investors themselves belong to a whole cluster of smaller trusts within the sector which have on these grounds long been trading at discounts far smaller than the 25-30 per cent which is still the average range for most trust categories.

By transferring their funds from Gartmore Investment Management to CS Investments as they have now done, however, these two trusts have done far more than stoke up the speculative interest in their shares. The suddenness of the transfers, with only retrospective disclosure, has landed them both in the middle of an acrimonious public squabble.

The reason for this is plain. Henderson Administration and Edinburgh Sun Managers are two fund management groups that have come to the stock market for quotes of their own on some fancy ratings in recent months. While their unit trust holdings are undoubtedly more important to their market capitalisation than investment trusts, the latter still provide their bread and butter business and few institutions in the City would be comfortable watching more trusts follow in Anglo's footsteps.

At a time when fund managers are attracting such a strong following among investors, it must be unsatisfactory for such essential assets as are represented by the trusts to be subject to informal, even clandestine, negotiation without appeal to the trusts' shareholders. Fund managers would be even more entitled to argue strongly against such action, perhaps, were there fewer latent conflicts of interest created by so many of the managers themselves sitting on the boards of client trusts.

And whatever the objections to undisclosed management changes, it would be unfortunate if the case for a more dynamic approach to investment trusts got lost in all the indignation. But at least the row at Gartmore could serve as a salutary reminder—that financial services' real assets are people—who go home every night.

Roll-up funds

After the Government's wide-ranging strike on Thursday night against tax avoiders using offshore investments, the casualty list is a long one.

The main target has been the offshore cash roll-up funds which, as a tax privileged substitute for building society deposits, have attracted about £1.5bn. Their demise was announced by the Government two months ago. But some of the funds, such as Lazard's Sterling Reserve Fund, which avoid the receipt of income by dividend stripping and which pay out a nominal dividend to shareholders, hope to escape.

However, the legislation covers all offshore open-ended funds. The only exception granted is where the fund or company distributes all the income it receives—and what counts as income is to be defined by UK corporation tax law, which rules out dividend stripping.

Investors in commodity funds such as Winchester Diversified or funds which actively manage currencies offshore will find all their profits taxed as investment income. Even investors in Fidelity's Sterling American Fund may find what are purely currency hedging profits taxed as investment income, unless the Revenue specifically relents.

Also under attack are investors in overseas managed investment funds which are not in tax havens, for example, the Dutch Robeco funds. Their investors will only escape the new provisions if the managers are prepared to distribute all the fund's income and subject their accounts every year to the scrutiny of Somerset House.

The final, and unexpected, swipe taken by the Government is against offshore insurance companies. Any potential life policy in, say, a German, or American company will from now on be deterred by the double taxation of the returns. Whatever the need to clamp down on tax havens, this consequence is hardly in line with the spirit of the Treaty of Rome.

British Aerospace

Among the ranks of privatised companies, British Aerospace has been the most disappointing recent performer on the Stock Exchange. It now stands far below the heady peak of 251p reached during the summer after its flotation in February 1981. The main reason has been the company's exposure to the viciously competitive civil airliner market. But the outlook has brightened considerably this week with the chunky $300m order for 20 BAe-146 airliners from Pacific Southwest Airlines.

The deal doubles the order book at a stroke and underpins the immediate production schedule. The break-through in the key U.S. market should also encourage further orders. Finally, the deal establishes that the company has correctly identified an important market niche with this aircraft. The shares in the company have responded by rising 17p over the week to 203p.

At the same time the company has high hopes of obtaining state launching aid for the A-320 Airbus project. The benefits of these developments will not be seen for some time in the p. and l. account, which is anyway bedevilled by the complexities of accounting for projects that stretch out for 25 years. But, with the position on the civil side now more stable, BAe's prospective p/e — at about 5, stated tax—looks somewhat out of line.